

STATE LEASE NO. DOT-A-11-____
GEO 3201

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION

REQUEST FOR PROPOSALS (RFP) RELATING TO

THE FUELING FACILITY LEASE

AT

KALAELOA AIRPORT

KAPOLEI, ISLAND OF OAHU

FUELING FACILITY LEASE
AT
KALAELOA AIRPORT
KAPOLEI, ISLAND OF OAHU

TABLE OF CONTENTS

NOTICE TO PROPOSERS (NP)NP-1 to NP-2

INSTRUCTIONS TO PROPOSERS (IP).....IP-1 to IP-13

ATTACHMENT 1

 QUESTION SUBMITTAL FORM, PRE-PROPOSAL CONFERENCE 1-1

ATTACHMENT 2

 QUESTION SUBMITTAL FORM, FINAL WRITTEN QUESTIONS 2-1

PROPOSAL INTENT PACKAGE

APPENDIX A – NOTICE OF INTENTION TO PROPOSE A-1

 ATTACHMENT 1 – PROSPECTIVE ON-AIRPORT
 OPERATOR QUALIFICATION.....A-1-1 to A-1-6

PROPOSAL PACKAGE

APPENDIX B – PROPOSAL FORMB-1 to B-2

 ATTACHMENT 1 – TAX CLEARANCE CERTIFICATESB-1-1

 ATTACHMENT 2 – AFFIDAVIT OF NON-COLLUSION.....B-2-1 to B-2-2

 ATTACHMENT 3 - PROPOSAL BOND.....B-3-1 to B-3-2

 ATTACHMENT 4 – PROPOSER’S ANNUAL AND TOTAL GUARANTEED
 FEES OFFERERD TO STATE.....B-4-1 to B-4-2

APPENDIX C – FUELING FACILITY LEASE..... C-1 to C-71

TABLE OF CONTENTS

(Cont'd)

ATTACHMENT 1 – EXHIBITS A AND B

ATTACHMENT 2 – DEVELOPMENT STANDARDS FOR LEASED
AIRPORT PROPERTIES

ATTACHMENT 3 – TENANT IMPROVEMENT GUIDELINES

ATTACHMENT 4 - CHAPTER 19-37, HAR, FUEL HANDLING PROCEDURES AT
PUBLIC AIRPORTS

ATTACHMENT 5 – MINIMUM STANDARDS FOR COMMERCIAL AERONAUTICAL
ACTIVITIES AT PUBLIC AIRPORTS

ATTACHMENT 6 - DEPARTMENT OF TRANSPORTATION ASSIGNMENT OF LEASE
AND PREMIUM EVALUATION POLICY

APPENDIX D - PERFORMANCE BONDD-1 to D-3

NOTICE TO PROPOSERS

FUELING FACILITY LEASE KALAELOA AIRPORT

Tenders by Request for Proposals (RFP) for a Fueling Facility Lease (Lease) to operate and maintain a self-service fueling facility at Kalaeloa Airport, Kapolei, Oahu, for a period of five (5) years will be received by the State of Hawaii, by its Director of Transportation, c/o Department of Transportation, Airports Division, Property and Business Development Office, Honolulu International Airport, Inter-Island Terminal Building, 400 Rodgers Boulevard, Suite 700, Honolulu, Hawaii 96819-1880 (Airports Office), up to 2:00 p.m. on Friday, September 2, 2011. The State reserves the right to cancel the RFP for any reason whatsoever.

The documents describing the RFP, including, without limitation, the Fueling Lease, may be obtained from the State's Airports Division, located at the Honolulu International Airport, Inter-Island Terminal Building, 400 Rodgers Boulevard, Suite 700, Honolulu, Hawaii. The RFP documents may be purchased upon the tender of the nonrefundable sum of FORTY AND NO/100 DOLLARS (\$40.00) in United States currency or certified check. The RFP documents may also be downloaded at www.hawaii.gov/dot/airports/doing-business/concession-notices without charge.

The RFP documents are subject to revision(s) at any time prior to the proposal opening. Any revisions, changes, or amendments to the RFP documents will be posted and available for download at www.hawaii.gov/dot/airports/doing-business/concession-notices.

The RFP documents for the Lease will include (1) Notice to Proposers; (2) Instructions to Proposers; (3) Proposal Intent Package, including the Notice of Intention to Propose (4) Proposal Package including the Proposal Form; (5) Fueling Facility Lease; (6) Performance Bond; and (7) attachments thereto.

A Pre-Proposal conference will be conducted by the State on Friday, July 1, 2011, commencing at 9:00 a.m., to familiarize prospective Proposers with the nature of the RFP documents, including the Lease. Prospective Proposers are advised to attend the Pre-Proposal Conference which will begin promptly at 9:00 a.m, at Building 104, located at Kalaeloa Airport, Kapolei, Hawaii.

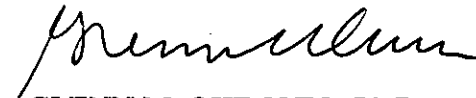
State representatives will be available to preliminarily respond to questions at this conference. Any oral responses given by State representatives at the pre-proposal conference will be preliminary and subject to further revisions and clarification. Questions needing a final, formal response from the State should be submitted in writing. The deadline for submitting all written questions, including the resubmission of any submitted for the pre-proposal conference, which a prospective proposer desires to obtain the State's written response for will be 4:00 p.m., HST on Thursday, July 14, 2011. The State will provide final written responses to all written questions properly submitted by Thursday, July 14, 2011, deadline.

Persons needing special accommodation at the Pre-Proposal conference due to disabilities may notify the Airports Division by calling (808) 838-8674 or writing to the Airports Office, c/o Property Management Staff, or by facsimile at (808) 838-8753.

Each Proposer will be required to fill out and complete the Proposal Intent Package that requires the submission of financial statement(s), and other documents, and submit the same to the Airports Division at the Airports Office, not later than 4:00 p.m., on Tuesday, June 7, 2011. The questionnaires included as part of the Proposal Intent Package will be considered confidential and will not be made available for inspection by the general public.

Any qualified individual, corporation, limited liability company, partnership, joint venture or other entity may submit a Proposal for the Lease after timely submission of an acceptable Proposal Package. All Proposers will submit Proposals using the forms furnished by the State as part of the RFP documents.

The State reserves the right to reject any and all Proposals and to waive any defects in the Proposals or cancel this invitation for Proposals when, in the opinion of the State's Director of Transportation, such rejection, waiver or cancellation will be in the best interest of the State and the general public.



GLENN M. OKIMOTO, Ph.D.
Director of Transportation

To be advertised: Honolulu Star-Advertiser
May 4, 5, and 6, 2011

**INSTRUCTIONS TO PROPOSERS (IP)
PERTAINING TO THE CONTRACT FOR
THE FUELING FACILITY LEASE
AT KALAELOA AIRPORT, KAPOLEI, HAWAII**

1. PURPOSE

The State of Hawaii, Department of Transportation, Airports Division, hereby requests Proposals from all interested and qualified parties for the operation, management, and maintenance of the self-service Fuel Facility located at Kalaeloa Airfield (Airport), Kapolei, Hawaii for a period of five (5) years.

The successful Proposer will operate from spaces described in Article II (Premises) of Appendix C (Fueling Facility Lease) and be responsible for providing quality fueling service at the Airport. A high degree of experience and competence will be needed along with the management capability to administer such activities. Only qualified Proposers capable of demonstrating such ability will be considered.

2. OBTAINING RFP DOCUMENTS

Copies of the Request for Proposals (RFP) documents pertaining to and resulting in the award of the Lease may be examined and/or obtained from the Administration Office, Airports Division, Honolulu International Airport, Inter-Island Terminal, 400 Rodgers Boulevard, Suite 700, Honolulu, Hawaii 96819 ("Airports Office"). The RFP documents may be purchased upon tender to the State of the nonrefundable sum of FORTY AND NO/100 DOLLARS (\$40.00) in United States currency or certified check. The RFP documents may also be downloaded at www.hawaii.gov/dot/airports/doing-business/concession-notices without charge.

The RFP documents are subject to revision(s) at any time prior to the proposal opening. Any revisions, changes, or amendments to the RFP documents will be posted and available for download at www.hawaii.gov/dot/airports/doing-business/concessio-notices.

The RFP documents shall include the following: (1) Notice to Proposers; (2) Instructions to Proposers; (3) Proposal Intent Package, including the Notice of Intention to Propose (4) Proposal Package, including the Proposal Form; (5) Fueling Facility Lease; (6) Performance Bond; and (7) attachments thereto.

3. PRE-PROPOSAL CONFERENCE

A Pre-Proposal conference to explain the objectives and requirements for the RFP documents, including the Fuel Facility Lease and to preliminarily respond to questions will be

held on Friday, July 1, 2011, at Kalaeloa Airport. The conference will start promptly at 9:00 a.m., Hawaiian Standard Time ("HST") at the:

Kalaeloa Airport
Building 104 (Tower Building)
Midway Road, Kapolei, Hawaii

All prospective Proposers should attend the conference. Reservations are not necessary, but may be made by contacting:

Property and Business Development Office
Department of Transportation, Airports Division
Honolulu International Airport
400 Rodgers Boulevard, Suite 700
Honolulu, Hawaii 96819-1880
Telephone (808) 838-8674
Facsimile (808) 838-8753

State representatives will be available to preliminarily respond to questions at this conference. To minimize the possibility of misunderstandings, all questions for the pre-proposal conferences are to be submitted in writing by mail, parcel delivery, courier service, or personal delivery and received at the Airports Office, no later than 4:00 p.m. HST on Thursday, June 16, 2011. The State does not warrant or guarantee that all written questions will be addressed at the pre-proposal conferences. However, at the pre-proposal conference, if time permits, the State representatives will respond to a limited number of verbal questions. Any oral responses given by State representatives at the pre-proposal conferences will be preliminary and subject to further revisions and clarification as part of the State's written response.

The deadline for submitting all written questions, including the resubmission of any submitted for the pre-proposal conferences, which a prospective Proposer desires to obtain the State's written response for will be 4:00 p.m., HST on Thursday, July 14, 2011. The State will provide final written responses to all written questions properly submitted by Monday, August 15, 2011, deadline.

All questions should be submitted on the forms provided on Attachments 1 and 2 to this Instruction to Proposers.

A summary containing all written questions properly submitted for or on the specified deadline of Thursday, July 14, 2011, together with the State's final written responses, will be made available to all Registered Proposers, regardless of whether they attend the pre-proposal conference. All prospective Proposers, including Registered Proposers, should not rely on oral representations made at any time and should instead, rely on the written State responses to the

questions submitted before or on Thursday, July 14, 2011, deadline which shall be entitled "The State's Response to Written Questions." This shall comprise the State's final response to the questions unless the State decides to amend or supplement the State's responses. As a result of the pre-proposal conference or otherwise, changes to the RFP documents which are deemed appropriate by State may be made, and notice will be given to all Registered Proposers before the date scheduled for receipt of Proposals.

4. PROPOSAL INTENT PACKAGE

Proposers will be required to submit a fully completed Notice of Intention to Propose (Appendix A and all attachments). A prospective Proposer's failure to submit its fully completed Notice of Intention to Propose, together with the remainder of the Proposal Intent Package, by the deadline date and time specified in the Notice to Proposer shall disqualify the prospective Proposer from submitting a Proposal, unless the specified deadline for the submission of Proposals is postponed through written notice from the State.

The Proposal Intent Package includes the following: (1) Notice of Intention to Propose (Appendix A); and (2) the Prospective On-Airport Operator Qualification (Appendix A, Attachment 1). The Proposal Intent Package must be submitted by the specified deadline, Tuesday, June 7, 4:00 p.m. HST, and properly completed in accordance with the instructions contained therein. The State will use the Proposal Intent Package submitted for purposes of evaluating the qualifications of the Registered Proposers.

5. SUBMISSION OF PROPOSAL PACKAGE

Each Proposal is required to be (1) made using the Proposal Package provided by the State, particularly the Proposal Form contained therein (Appendix B and all attachments); (2) properly completed and executed by the Proposer, whose signature must be witnessed, acknowledged and notarized in the presence of a notary public, and (3) addressed/submitted to the Director of Transportation, c/o Airports Division, Property and Business Development Office, Department of Transportation, Inter-Island Terminal, Suite 700, Honolulu International Airport, 400 Rodgers Boulevard, Honolulu, Hawaii 96819-1880, at or before the deadline date and time set for the submission of Proposals.

Each Proposal (Appendix B) submitted to the State shall be comprised of the following items (hereafter collectively the "Proposal Package"):

- a. The completed Proposal Form (Appendix B);
- b. Written Proposal which describes in detail, how and what the Proposer intends to offer; and a description of how the Proposer intends to conduct and perform all of the fueling facility services.

- c. Tax Clearance Forms (Appendix B, Attachment 1);
- d. Affidavit of Non-Collusion (Appendix B, Attachment 2);
- e. Proposal Deposit or Proposal Bond (Appendix B, Attachment 3);
- f. Proposer's Annual and Total Guaranteed Fees Offered to State (Appendix B, Attachment 4);

The State may reject a Proposal for any of the following reasons:

- a. If it shows any alterations, erasures, or irregularities of any kind or additions not called for;
- b. If it is conditional or incomplete;
- c. If it fails to comply with any of the requisite conditions;
- d. If more than one (1) Proposal is received from an individual, corporation, limited liability company, partnership, joint venture, or any other legal entity under the same or different names and more than one (1) Proposal remains in the State's possession.
- e. If the Proposer whether an individual, corporation, limited liability company, partnership, joint venture, or other entity (including (1) any entity in which the Proposer is an owner and (2) any stockholders, members, partners, or owners of the Proposer) is in arrears in any payment, or in default of any obligation, including taxes and special assessments, owing to the U.S. Internal Revenue Service and/or the State of Hawaii or any of its political subdivisions (including default as a surety or failure to perform faithfully and diligently any previous lease, license, permit, or any other type of contract with the State or any of its political subdivisions). A stockholder of a closely-held corporation, a member of a limited liability company, a partner in a partnership or joint venture and an owner of an entity is defined as the holder of at least a ten percent (10%) or more ownership interest in the corporation, limited liability company, partnership, joint venture or entity; or
- f. If the Proposer fails to submit to the State the required Tax Clearance Certificates from the State of Hawaii Department of Taxation, and the City and County of Honolulu, as required by Appendix B, Attachment 1 of the RFP documents.

The State reserves the right to cancel the RFP for any reason whatsoever. The State also reserves the right to reject any or all Proposals and waive any defects when, in the opinion of the State's Director of Transportation, such rejection or waiver will be in the best interest of the public. The State reserves the right to re-advertise for RFPs, or to accept any Proposal, if the acceptance of such Proposal is deemed by the State to be in the best interests of Kalaeloa Airport and the public.

6. LATE SUBMISSIONS

It is the responsibility of each Proposer to ensure that the following are completed and submitted to the State, by the stated applicable deadlines: (1) Final Written Questions; (2) Proposal Intent Package; and (3) Proposal Package, including the Proposal Deposit/Proposal Bond. The State assumes no responsibility or liability for any Proposer's lateness in the submission of the (1) Final Written Questions; (2) Proposal Intent Package; and (3) Proposal Package, including the Proposal Deposit/Proposal Bond to the State due to mail or other delivery service delays. All Proposals, and its attachments thereto, received after the stated applicable deadline(s), will not be considered and will be returned (without opening) to the Proposer.

7. WITHDRAWAL OR MODIFICATION OF PROPOSAL INTENT PACKAGE, AND PROPOSAL PACKAGE, INCLUDING THE PROPOSAL BOND

A Proposal Intent Package, or any part thereof, or the Proposal Package, in its entirety, may be withdrawn by written notice, telegram, or mailgram which must be received by the State prior to the applicable dates and times stated herein for submission of the Proposal Intent Package and the Proposal Package, respectively. A substitute submittal of all or a part of the Proposal Intent Package will be accepted by the State so long as a written request to withdraw the previous Proposal Intent Package, or part thereof, is received simultaneously with or prior to the substitute Proposal Intent Package or part thereof and the substitute Proposal Intent Package or part thereof is received prior to the applicable date and time deadline for submission of the Proposal Intent Package.

A substitute submittal of the entire Proposal Package, in its entirety, will be accepted by the State so long as a written request to withdraw the previous Proposal Package is received simultaneously with or prior to the substitute Proposal Package and the substitute Proposal Package is received prior to the applicable date and time deadline for submission of the Proposal Packages.

Errata sheets for the Proposal Intent Package may be submitted prior to the applicable date and time deadlines for submission of the Proposal Intent Package so long as the total of all corrections to a submittal does not exceed two typed 8.5" x 11" pages. Changes requiring more than two such pages require withdrawal of the Proposal Intent Package and the subsequent submission of a substitute Proposal Intent Package. This subsequent submission of a substitute

Proposal Intent Package must be: (1) received by the State prior to the applicable date and time deadline for submitting the Proposal Intent Package and (2) submitted in a sealed envelope and properly marked as required for the Proposal Intent Package and each page must clearly be labeled "Substitute Submittal #1" or "Substitute Submittal #2" as applicable.

8. DESCRIPTION OF THE FUELING FACILITY SERVICES DESIRED

This Request for Proposals is being issued in order to secure the services of a management entity which will oversee the operation, management, and maintenance services for the self-service fueling facility situated at Kalaeloa Airport, Kapolei, Hawaii. It is the interest of the State that the fueling facility services provided is of the highest quality to meet the needs and requirements of the General Aviation community. In conjunction with such activities, the management entity will be required to perform, provide or manage the following types of services:

- a. The operation, management and maintenance of a self service fueling facility consisting of: (1) a 10,000 gallon above-ground storage tank intended to sell Fuel (avgas); (2) dispensing equipment, credit card readers and other appurtenances.

The State may, but is not required to add additional fuel tanks to the fueling facility for the sale of Avgas or Jet-A Fuel, during the term of the Lease.

- b. Development, implementation, and application of on-site procedures for the self-service fueling facility and equipment maintenance.
- c. Facility and equipment operations to include:
 - (1) Fuel custody; transfer; receiving, and dispensing
 - (2) Meter proving
 - (3) Training
- d. Document of operations and maintenance activities to be maintained according to industry and statutory standards.

9. PROCEDURES AND CRITERIA FOR EVALUATING ALL PROPOSALS

After the closing date and time set by the State for the submission of Proposals, each Proposal submitted to the State for consideration will be individually evaluated and scored by members of an Evaluation Committee in accordance with the eight (8) evaluation criteria listed under the section heading of "Evaluation Criteria" on Pages IP-7 through IP-9 of this Instructions to Proposers. The Evaluation Committee will be composed of five (5) members whose

members are selected by the Deputy Director of the Airports Division, Department of Transportation.

Each Proposal submitted to the State for consideration will be evaluated and scored by each Evaluation Committee member on the basis of the content and quality of the Proposer's written submittal (Items A., B., C., and D. of the Evaluation Criteria) and the Proposer's total guaranteed fee offered to the State over the five (5)-year term of the Fueling Facility Lease. Seventy-five percent (75%) of the total combined points awarded by the five (5) members of the Evaluation Committee (or a combined maximum of 450 points) will be based on the Proposer's written submittal covering Items A., B., and C. of the Evaluation Criteria. Twenty-five percent (25%) of the total combined points awarded by the Evaluation Committee members (or a maximum of 150 points) will be based on the Proposer's total guaranteed fee offered to the State under Item D. of the Evaluation Criteria.

EVALUATION CRITERIA

Each Proposal submitted to the State for consideration will be evaluated and scored by each member of the Evaluation Committee based on the following criteria: (A) Background and successful Experience(s) (B) Management and Administrative Ability; (C) Financial Capabilities and References; (D) Total guaranteed fee (in U.S. Dollars) offered to the State over the five (5)-year term of the Lease to be awarded.

A. Background and Successful Experience(s): 25%

(Maximum of 25 points to be awarded by each Evaluation Committee member; Combined maximum of 150 points to be awarded by the five (5) member Evaluation Committee)

Resumes of key management and supervisory staff member will be required. Demonstration of prior successful experience(s) in the operation, management and maintenance of a Fueling Facility. Proposers must provide a detailed narrative of prior qualifying experience(s), duties and responsibilities, and scope of work performed, together with bona fide references to substantiate such qualifying experience(s). Proposer should also demonstrate the company's knowledge of the industry, including fuel system maintenance and operation, safety, environmental compliance, and training, etc.

B. Management and Administrative Ability: 25%

(Maximum of 25 points to be awarded by each Evaluation Committee member; Combined maximum of 150 points to be awarded by the five (5) member Evaluation Committee)

The Proposer will be required to submit a business plan indicating how the Proposer expects to run the business. The business plan must include the following:

- (1) A description of how the Proposer intends to undertake budgeting, financial management and associated or required record keeping.
- (2) A description of how the Proposer intends to ensure that all work performed meets safety, environmental, and operational standards.

C. Financial Capabilities and References: 25%

(Maximum of 25 points to be awarded by each Evaluation Committee member; Combined maximum of 150 points to be awarded by the five (5) member Evaluation Committee)

- (1) The Proposer is required to complete Item 9. Financial Statement, of the "Prospective On-Airport Operator Qualification" Form (Appendix A, Attachment 1).
- (2) The Proposer is required to submit three (3) or more letters of reference, one of which shall show credit worthiness and capabilities to manage finances; the other letters should attest to business and professional record.

D. Total Guaranteed Fee (in U.S. Dollars) offered to the State over the five (5) year term of the Fueling Facility Lease: 25%

(Maximum of 25 points to be awarded by each Evaluation Committee member; Combined maximum of 150 points to be awarded by the five (5) member Evaluation Committee)

Each Proposer shall be required to offer to the State on Appendix B, Attachment 4 (Proposer's Annual and Total Guaranteed Fees Offered to State), an annual guaranteed fee for each year of the Lease. The Proposer's annual guaranteed fee offered to the State for each contract year

shall then added together to arrive at the Proposer's total guaranteed fee offered to the State over the five (5)-year term of the Lease. Each annual guaranteed fee amount and the total guaranteed fee amount offered to the State over the entire term of the Contract shall be to the nearest dollar amount in legal tender of the United States of America (in U.S. Dollars). The sum total of the annual guaranteed fee amounts offered to the State during the first, second, third, fourth, and fifth years of the Contract term shall constitute the total guaranteed fee offered to the State over the five (5)-year term of the Lease.

Upset Fees: The upset minimum annual guaranteed fee offered to the State by each and every Proposer for the first (1st) contract year shall not be less than FIVE THOUSAND NINE HUNDRED AND NO/DOLLARS (\$5,900.00). The annual guaranteed fee offered to the State for each subsequent contract year shall not be less than the annual guaranteed fee offered to the State for the previous contract year nor shall the annual guaranteed fee amount offered to the State for any such contract year be more than a fifteen percent (15%) increase over the annual guaranteed fee amount offered to the State for the previous contract year.

Fueling Flowage Fee. In addition to any other fees, LESSEE shall pay a fuel flowage fee for all types of aviation fuel received from a commercial distributor. The fee shall be \$.04 per gallon for the first 100,000 gallons of fuel received from a commercial distributor and \$.06 per gallon for any fuel over 100,000 gallons received annually. This fuel flowage fee shall be effective throughout the term of the lease.

10. SCORING FORMAT

The combined total of all points awarded, under Items A, B, C, and D of the Evaluation Criteria, by the five (5) members of the Evaluation Committee will be used to derive one hundred percent (100%) of the combined total points awarded for each Proposal. The maximum points which may be awarded by the Evaluation Committee for any Proposal submitted to the State for consideration will be 600 points.

The Proposer who garners the highest combined total points on its proposal based on all four (4) Evaluation Criteria (Items A. through D.) and conforms to Hawaii Administrative Rules, Chapter 19.37 Fuel Handling Procedures at Public Airports, will be recommended to the Board of Land and Natural Resources, State of Hawaii and the Director of Transportation for the award of the Lease.

In case two (2) or more Proposals submitted to the State for consideration are tied with the same final combined total score, the Proposer who submits the highest total guaranteed fee offer to the State over the five (5)-year term of the Contract (Item D. of the Evaluation Criteria) will be recommended to the Director of Transportation for the award of the Lease.

11. PROPOSAL DEPOSIT

Each Proposer shall submit a Proposal Deposit, which shall be in a sum of not less than five percent (5%) of the total amount Proposed. The Proposal Deposit shall be based on the total amount Proposed for the first contract year of the Fueling Facility Lease. The Proposal Deposit must be submitted along with the Proposal Form (Appendix B).

The Proposal Deposit shall be in the form of legal tender, a surety bond conforming to the requirements herein, or a certificate of deposit, share certificate, cashier's check, treasurer's check, teller's check, or official check drawn by, or a certified check accepted by, a bank, savings institution, or credit union insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, in a sum equal to that required, payable at sight or unconditionally assigned to the State's Director of Transportation.

If a surety bond is submitted, it shall: (1) name the State of Hawaii, by its Director of Transportation, as obligee; (2) be on the Proposal Bond form provided (Appendix B, Attachment 3); (3) be executed by the Proposer as Principal, and by a bonding company listed in the United States Treasury List, as surety; provided that the bond furnished by any surety listed shall not exceed the bonding capacity rating of that surety on the United States Treasury List; (4) be in a sum equal to that required; and (5) be conditioned upon the Proposer entering the Lease and furnishing satisfactory security in the form of the Performance Bond (and other applicable requirements) within ten (10) business days after the Proposer has received the Lease for execution or within such further time as the State's Director of Transportation may allow, in writing, if the Proposer is awarded the Lease.

12. AWARD OF LEASE, EXECUTION OF LEASE, AND PERFORMANCE BOND

The award of the Lease should be made within thirty (30) calendar days after the deadline for submission of Proposals, provided however, the award may be delayed for a reasonable additional time period to permit investigation by the State into the completeness, accuracy, and truthfulness of the representations made by the Proposer in its Proposal. The State reserves the right to reject any and all Proposals and to re-advertise a call for tenders if the State determines that a rejection of all Proposals is warranted and is in the best interest of the State.

The Lease (Appendix C) shall be executed by the successful Proposer, whose signature shall be witnessed, acknowledged and notarized by a notary public, and returned to the State, together with a Performance Bond satisfactory to the State, within ten (10) business days after the

Proposer has received the Lease for execution, or within such further time as the State's Director of Transportation may allow in writing.

Failure on the part of the successful Proposer to execute, notarize and return the Lease to the State, and to submit to the State an acceptable Performance Bond as required, within ten (10) business days after the Proposer has received the Lease for execution, or within such further time as the State's Director of Transportation may allow in writing, shall be just cause for the annulment of the award and forfeiture of the Proposer's deposit or Proposer's bond to the State. If the successful Proposer refuses or fails to execute the Lease within the required time, the State may award the Lease to the next highest responsible qualified Proposer or cancel the solicitation and publish another call for tenders.

The Performance Bond, or equivalent security as described in the Lease, shall be in the amount equal to the annual guaranteed fee for the appropriate agreement year period and shall be maintained in full force and effect by the successful Proposer at all times from the commencement date of the Lease until no less than ninety (90) calendar days after the later of: (a) expiration or sooner termination of the Lease, or (b) the end of any holdover period. The sureties on the Performance Bond must be properly licensed and authorized to do business under the laws of the State of Hawaii. The Performance Bond shall be maintained by the successful Proposer, at its sole cost and expense, and shall cover the successful Proposer's compliance with, and full and complete performance of, the terms and conditions of the Lease; provided that suits thereon by the State or anyone else entitled to do so may be commenced in accordance with applicable law.

If the Performance Bond is for a period less than that required under the Lease, the successful Proposer, as LESSEE under the Lease, at least sixty (60) calendar days prior to the expiration date of the Performance Bond, shall submit another Performance Bond providing the coverage required under the Lease at least ninety (90) days beyond the expiration date of the Lease or any holdover period.

If the State should receive a notice that the Performance Bond has been or will be canceled, the LESSEE under the Lease shall provide the State with a replacement Performance Bond providing the coverage required under the Lease, from the effective date and time of the bond cancellation so that there is no period of time wherein a Performance Bond does not cover the Lease, as provided for herein. Such a replacement Performance Bond must be forwarded to and received by the State at least twenty (20) calendar days prior to the effective date and time of the prior bond cancellation or expiration.

In the event that a replacement Performance Bond or another Performance Bond is not received by the State at least twenty (20) days prior to the effective date and time of the bond cancellation or expiration, as stated, the LESSEE shall be deemed in default, regardless of whether notice of breach or default or time to correct the breach or default has been provided to

the LESSEE by the State, and the full face amount of the Performance Bond shall be immediately payable to the State as liquidated damages. The LESSEE shall also be deemed in default and the full face amount of the Performance Bond shall be immediately payable to the State as liquidated damages if the LESSEE shall fail to properly furnish the final licensed independent certified public accountant's annual verification report as prescribed under the Lease.

The successful Proposer shall pay the State an administrative fee in the sum of ONE THOUSAND AND NO/100s DOLLARS (\$1,000.00) in United States currency or certified check, which fee payment shall be delivered to the State, together with the executed and notarized Lease and satisfactory Performance Bond.

If the State receives a properly executed Lease, a satisfactory Performance Bond, and the required administrative fee payment in the sum of ONE THOUSAND AND NO/100s DOLLARS (\$1,000.00) within the required time, the Proposal Deposit shall be returned to the successful Proposer that is awarded the Lease. The Proposal deposits made by unsuccessful Proposers shall be returned to them after the Lease has been entered into or if the Lease is not awarded or entered into, after the determination by the State's Director of Transportation to publish another call for tenders.

13. TAXES

The successful Proposer shall pay: (1) all applicable taxes levied by the United States Government and the State of Hawaii based on the revenues derived from the Fueling Facility; and (2) real property taxes, if any, levied by the City and County of Honolulu for the Premises granted under this Lease.

14. OTHER REQUIREMENTS

Each Proposer shall carefully examine all documents relating to this RFP and judge for itself all the circumstances and conditions affecting its Proposal. The Proposer's failure to make such examination and to investigate thoroughly shall not be grounds for any claim that the Proposer did not understand the terms, conditions, or procedures set forth in the RFP documents, including the Lease, or that there were any circumstances that prevented, inhibited or adversely affected the Proposer's ability to understand or understanding of the terms, conditions, or procedures set forth in the RFP documents. A Proposer shall have the burden to notify the State's Director of Transportation, in writing, of any ambiguity, inconsistency, or conflict in the RFP documents, including the Lease, prior to the applicable deadlines for submission of the Proposal Packages. Failure to so notify the State's Director of Transportation, in writing, shall be deemed to be a waiver of that Proposer's right to claim an ambiguity, inconsistency, or conflict in the RFP documents, including the Lease.

15. ATTACHMENT TO IP

Attachment 1 to IP, Question Submittal Form, Pre-Proposal Conference
Attachment 2 to IP, Question Submittal Form, Final Written Questions

16. APPENDICES

A. Proposal Intent Package

Appendix A, Attachment 1 (Prospective On-Airport Operator Qualification)

B. Proposal Package

Appendix B, Attachment 1 (Tax Clearance Certificates)

Appendix B, Attachment 2 (Affidavit of Non-Collusion)

Appendix B, Attachment 3 (Proposal Bond)

Appendix B, Attachment 4 (Proposer's Annual and Total Guaranteed Fees
Offered to State)

C. Fueling Facility Lease

Appendix C, Attachment 1 (Exhibits A and B)

Appendix C, Attachment 2 (Development Standards for Leased Airport Property)

Appendix C, Attachment 3 (Tenant Improvement Guidelines)

Appendix C, Attachment 4 (Chapter 19-37, HAR, Fuel Handling Procedures at
Public Airports)

Appendix C, Attachment 5 (Minimum Standards for Commercial Aeronautical
Activities at Public Airports)

Appendix C, Attachment 6 (Department of Transportation Assignment of Lease
and Premium Evaluation Policy)

D. Performance Bond

ATTACHMENT 1 TO IP

QUESTION SUBMITTAL FORM, PRE-PROPOSAL CONFERENCE

LEASE: FUELING FACILITY LEASE
KALAELOA AIRPORT

PROPOSER'S NAME: _____

ADDRESS: _____

SUBMITTED BY: _____ TITLE: _____

TELEPHONE: _____ DATE: _____

QUESTION(S): _____

(Must be submitted by 4:00 p.m., Thursday, June 16, 2011)

ATTACHMENT 2 TO IP

QUESTIONS SUBMITTAL FORM, FINAL WRITTEN QUESTIONS

LEASE: FUELING FACILITY LEASE
KALAELOA AIRPORT

PROPOSER'S NAME: _____

ADDRESS: _____

SUBMITTED BY: _____ TITLE: _____

TELEPHONE: _____ DATE: _____

QUESTION(S): _____

(Must be submitted by 4:00 p.m., Thursday, July 14, 2011)

APPENDIX A

PROPOSAL INTENT PACKAGE

FUELING FACILITY LEASE

AT

KALAELOA AIRPORT

KAPOLEI, ISLAND OF OAHU

STATE OF HAWAII

Name of Proposer (Print)_____

Mailing and Business Address (Print)_____

APPENDIX A

NOTICE OF INTENTION TO PROPOSE

Date: _____

Director of Transportation
Department of Transportation
c/o Airports Division
ATTN: Head - Property Management
Honolulu International Airport
Inter-Island Terminal Building
400 Rodgers Boulevard, Suite 700
Honolulu, Hawaii 96819-1880

Dear Sir:

You are hereby notified that it is the intent of the undersigned to submit a Proposal for the Fueling Facility Lease at Kalaeloa Airport, Kapolei, Island of Oahu, State of Hawaii.

Attached hereto is the fully completed Prospective On-Airport Operator Qualification (Appendix A, Attachment 1).

Very truly yours,

(Name of Firm or Individual)

By _____
(Signature)

Title: _____

(Address)

(City, State, Zip Code)

(Telephone No.)

APPENDIX A, ATTACHMENT 1

PROSPECTIVE ON-AIRPORT OPERATOR QUALIFICATION

1. Name of Applicant: _____
2. Mailing Address: _____

3. Phone: (Bus) _____ (Res/Emerg) _____ (Cell) _____
4. Key Management Personnel:
 - a. President: _____
 - b. Executive Vice
President: _____
 - c. Director of
Operations: _____
 - d. Finance Officer/
Comptroller: _____
 - e. Maintenance
Supervisor: _____
 - f. Officer
Manager: _____
5. Organization

Specify the term which applies to your firm:

- () Sole Proprietorship
() Partnership (also complete 5a)

() Corporation (also complete 5b)

a. If partnership, complete the following:

Name of Partners

Addresses

b. If a corporation, date of incorporation _____
State of _____.

Corporate Officers

Name

President

Vice President

Secretary

Treasurer

c. Are you registered to do business in the State of Hawaii?

Yes ____ No ____; if yes, when (date) _____

6. Hawaii Gross Income Tax License No. _____

7. Name and Branch of banks in Hawaii which handle your business accounts:

8. Scope of Activity

For each of the following categories, describe the scope of your intended operations and the means and methods that you will employ to accomplish your contemplated operating standards and business activity.

- a. Proposed date of starting the business and desired term (length) of conducting same.
- b. The services and products to be offered.
- c. Describe how you expect to use the premises at the airport. Also, address the following three (3) sub-categories in your explanation:
 - 1) The size (land or floor area) needed to conduct your work. Include figures for office, shop, work benches, reception, parts warehouse, customer parking, employee parking, etc.
 - 2) List and explain the number and types of improvements or changes you would make. Give an estimate of the cost of such improvements and a time schedule of when you anticipate to make them. The improvements must include landscaping. Submission of preliminary drawings of your plans or facility layout is preferred.

Describe the type of building (shape, function, material, number of stories, etc.) if any, you would construct. Give the size and general dimensions of the building(s) you expect to erect. If your building(s) are of a pre-engineered design, list the name of the designer/manufacturer who will supply the building(s).

- 3) Preferred Location. Indicate the specific site, lot number or general area which you would like to use. Make at least three (3) choices in the order of your preference, if you seek alternate sites.
- d. Submit copies of your operating and licensing certificates issued by the U. S. Department of Transportation, Federal Aviation Administration and any other Federal agency.
- e. Indicate the number and type of aircraft in your fleet (leased or owned), the aircraft under a service-hangar keeper contract to you, and customers' aircraft which you expect to have on the premises.
- f. Indicate the number of persons to be employed or under contract for your operations which you will have on the premises—include titles and job function.
- g. How many customers, visitors, guests and deliveries (pick-up/drop-off) do you expect to have each day.
- h. Indicate what your regular business hours will be. If you expect to conduct off-hour operations, describe your projected schedules.
- i. List the type and amount of insurance coverage you now have for your business. (Note: The State of Hawaii requires, as a minimum, a general comprehensive public liability policy with a combined single limit coverage of not less than \$1,000,000 for bodily injury and property damage per occurrence.

- j. If any, indicate the number and describe any sub-tenants you expect to allow on the premises.

9. Financial Statement, in a form satisfactory to the Airports Division.

- a. Provide a state(s) as evidence of your financial background duly verified and prepared by a certified public accountant or authorized personnel/management. The statement(s) must be submitted in one of the following ways:
 - 1) A complete audited financial statement prepared by a certified public accountant for the previous three (3) years of operation. If you were in existence and/or in business for less than three (3) years, but greater than one (1) year, the years of operation will suffice.
 - 2) A complete unaudited financial statement (balance sheet and income statement) with supporting documentation for all balance sheet items, along with a complete copy of your federal income tax returns submitted to the Internal Revenue Service (must include all forms/schedules, be signed and dated by an owner/officer and preparer) for the previous three (3) years of operation subscribed to by authorized personnel/management of our organization. If you were in existence and/or in business for less than three (3) years, but greater than one (1) year, the years of operation will suffice.
 - 3) A complete audited or unaudited financial statement with supporting documentation for all balance sheet items for the most recent month or quarter of operation, whichever greater, if the company was in business for less than one (1) year.

Note: If your organization is a parent company, subsidiary, holding company, or affiliate, the information requested above is also required for such companies.

- b. Present your business plan. Indicate how you expect to run your business, who will be your patrons, customers and clientele, and your revenue-expense projections. Describe how you plan to finance the construction of your facility.

You must include your business projections and financial plans that you expense to employ to initiate your operations, develop your business, and maintain the level of sales or service commensurate with a viable enterprise.

- c. Submit three (3) or more letters of reference, one which shall be to show your credit worthiness and capability to manage your finances; the other letters should attest to your business and professional record.

10. Experience

- a. Provide a resume or similar statement of experience in the aviation industry, business, or related field, for each principal in your organization.
- b. List any certificates, degrees, designations or special awards (e.g. fuel handling) received by your firm or members of your staff.
- c. Describe any special techniques or skills gained by members of your staff that offer unique or valuable services to the aviation market.

APPENDIX B

PROPOSAL PACKAGE

FUELING FACILITY LEASE

AT

KALAELOA AIRPORT

KAPOLEI, ISLAND OF OAHU

STATE OF HAWAII

Name of Proposer (Print)_____

Mailing and Business Address (Print)_____

PROPOSAL FORM

FUELING FACILITY LEASE KALAELOA AIRPORT

1. Proposer (provide name, address, and telephone number)
2. Contact person (provide name, title, address, and telephone number)

Proposer's Representation

Proposer understands, agrees, and warrants:

1. That Proposer has carefully examined all of the Request of Proposals (RFP) documents related to the Fueling Facility Lease at Kalaeloa Airport;
2. That Proposer has the capability to successfully undertake and complete the responsibilities and obligations of the Proposal being submitted;
3. That all information contained in the Proposal is true and correct;
4. That Proposer did not, in any way, collude, conspire or agree, directly or indirectly, with any person, firm, corporation or other Proposer in regard to the amount, terms, or conditions of this Proposal;
5. That Proposer did not receive unauthorized information from the State during the Proposal period;
6. That by submission of this Proposal, the Proposer acknowledges that the State has the right to investigate or make any inquiry it deems appropriate to substantiate or supplement information supplied by Proposer, and Proposer hereby grants the State permission to make said investigation and inquiries, and Proposer agrees to provide any and all requested documentation in a timely manner; and
7. That the Proposer understands the costs for preparing the Proposal shall be borne by the Proposer and not factored into the cost of the Proposal.

(Attach notary, affidavit and corporate resolution indicating the authority of its officers or members of Board of Directors to execute this Proposal.)

DATED at: _____, this ____ day of _____, 2011.

Name of Proposer

By _____
Its

By _____
Its

The undersigned (a corporate officer, members of the joint venture, or an individual) declares that the answers and representations made in this RFP are true and correct, including all supplementary statements attached.

(I or We), hereby certify that the statements and information submitted herewith are true and correct to the best of ____ (my or our) knowledge.

Name of Proposer

By _____
Its

By _____
Its

Subscribed and sworn to before me this
____ day of _____, 2011

Notary Public, ____ Judicial Circuit
County of _____
State of _____

My Commission Expires:

PLEASE
ATTACH
PROPOSAL

STATE OF HAWAII — DEPARTMENT OF TAXATION
TAX CLEARANCE APPLICATION
PLEASE TYPE OR PRINT CLEARLY
Form A-6 can be filed electronically. See Instructions.

FOR OFFICE USE ONLY

BUSINESS START DATE IN HAWAII
IF APPLICABLE
/ /

HAWAII RETURNS FILED
IF APPLICABLE
20 20 20

STATE APPROVAL STAMP
(Not valid unless stamped)

*IRS APPROVAL STAMP

CERTIFIED COPY STAMP

1. APPLICANT INFORMATION:

(PLEASE PRINT CLEARLY)

Applicant's Name _____

Address _____

City/State/Postal/Zip Code _____

DBA/Trade Name _____

2. TAX IDENTIFICATION NUMBER:

HAWAII TAX ID # W _____ - _____

FEDERAL EMPLOYER ID # _____ - _____
(FEIN)

SOCIAL SECURITY # (SSN) _____ - _____ - _____

3. APPLICANT IS A/AN: (MUST CHECK ONE BOX)

- ☐ CORPORATION ☐ S CORPORATION ☐ TAX EXEMPT ORGANIZATION
☐ INDIVIDUAL ☐ PARTNERSHIP ☐ ESTATE ☐ TRUST
☐ LIMITED LIABILITY COMPANY ☐ LIMITED LIABILITY PARTNERSHIP
☐ Single Member LLC disregarded as separate from owner; enter owner's FEIN/SSN _____
☐ Subsidiary Corporation; enter parent corporation's name and FEIN _____

4. THE TAX CLEARANCE IS REQUIRED FOR: (MUST CHECK AT LEAST ONE BOX)

- ☐ CITY, COUNTY, OR STATE GOVERNMENT CONTRACT IN HAWAII * ☐ LIQUOR LICENSE *
☐ REAL ESTATE LICENSE ☐ CONTRACTOR LICENSE ☐ BULK SALES**
☐ FINANCIAL CLOSING ☐ PROGRESS PAYMENT ☐ PERSONAL
☐ HAWAII STATE RESIDENCY ☐ FEDERAL CONTRACT ☐ LOAN
☐ SUBCONTRACT ☐ OTHER _____

* IRS APPROVAL STAMP IS ONLY REQUIRED FOR PURPOSES INDICATED BY AN ASTERISK.

** ATTACH FORM G-8A, REPORT OF BULK SALE OR TRANSFER

5. NO. OF CERTIFIED COPIES REQUESTED:

☐

6. SIGNATURE:

SIGNATURE _____

DATE _____

TELEPHONE () - _____

FAX () - _____

PRINT NAME _____

PRINT TITLE: Corporate Officer, General Partner or Member, Individual (Sole Proprietor), Trustee, Executor

POWER OF ATTORNEY. If submitted by someone other than a Corporate Officer, General Partner or Member, Individual (Sole Proprietor), Trustee, or Executor, a power of attorney (State of Hawaii, Department of Taxation, Form N-848) must be submitted with this application. If a Tax Clearance is required from the Internal Revenue Service, IRS Form 8821, or IRS Form 2848 is also required. Applications submitted without proper authorization will be sent to the address of record with the taxing authority. UNSIGNED APPLICATIONS WILL NOT BE PROCESSED.

PLEASE TYPE OR PRINT CLEARLY — THE FRONT PAGE OF THIS APPLICATION BECOMES THE CERTIFICATE UPON APPROVAL.

SEE PAGE 2 ON REVERSE & SEPARATE INSTRUCTIONS. Failure to provide required information on page 2 of this application or as required in the separate instructions to this application will result in a denial of the Tax Clearance request.

- 15. FILING THE APPLICATION FOR TAX CLEARANCE:**

State Dept. of Taxation
TAXPAYER SERVICES BRANCH
P.O. BOX 259
HONOLULU, HI 96809-0259
TELEPHONE NO.: 808-587-4242
TOLL FREE: 1-800-222-3229
FAX NO.: 808-587-1488
or
830 PUNCHBOWL STREET, RM 124
HONOLULU, HI 96813-5094

Internal Revenue Service
WAGE & INVESTMENT DIVISION
-TC M/S H214
FIELD ASSISTANCE GROUP 562
300 ALA MOANA BLVD., #50089
HONOLULU, HI 96850
TELEPHONE NO.: 808-566-2748
FAX NO.: 808-524-5950
OR
TAXPAYER ASSISTANCE CENTER
HONOLULU:
300 ALA MOANA BLVD., RM 1-128

-----FOR OFFICE USE ONLY-----

TYPE OF TAX	TAX RETURNS FILED STATUS	Clerk's Initials	ITEMS RECEIVED
INCOME			
GENERAL EXCISE/USE/ COUNTY SURCHARGE TAX			
HAWAII WITHHOLDING			
TRANSIENT ACCOMMODATIONS			
RENTAL MOTOR/TOUR VEHICLE			
UNEMPLOYMENT INSURANCE			
OTHER TAXES			

STATE OF HAWAII — DEPARTMENT OF TAXATION
**INSTRUCTIONS FOR FORM A-6
TAX CLEARANCE APPLICATION**

GENERAL INSTRUCTIONS

- This form is used to obtain a **State Tax Clearance**. (If you are reporting a bulk sale of business assets, you must also complete and attach Form G-8A, Report of Bulk Sale or Transfer.)
- This form may only be used to obtain a **Federal Tax Clearance** for the purpose of liquor licensing or entering into contracts/submitting bids with and/or seeking final payment of contracts from state or county agencies in Hawaii. Contractors winning the bids are not required to have their subcontractors obtain a tax clearance.
- The current version of Form A-6 must be used. Type or print clearly with a pen. After approval, the front page of the application will be your tax clearance certificate.
- Applications (Form A-6) are available at Department of Taxation and Internal Revenue Service (IRS) offices in Hawaii, and may also be requested by calling the Department of Taxation on Oahu at 808-587-4242 or toll free at 1-800-222-3229. This form can be downloaded from the Department of Taxation's website (www.hawaii.gov/tax).
- Vendors selling goods and services to state or county agencies may register with the Hawaii Compliance Express and have their tax clearance status available on-line for state or county contracts. For more information, go to <https://vendors.ehawaii.gov>.

LINE-BY-LINE INSTRUCTIONS

Line 1 — Applicant Information

Applicant's Name. — Enter your legal name. The name appearing on your application must match the name on file with the State Department of Taxation, IRS, and, if applicable, the State Department of Commerce and Consumer Affairs.

Address. — Enter the address to which correspondence regarding this application for tax clearance should be mailed. In most cases, the address should be that which is on file with the Department of Taxation and/or IRS.

DBA (Doing Business As)/Trade Name. — If you have a trade or business name which is different from your legal/registered name, enter that name here.

Line 2 — Tax Identification Numbers

Hawaii Tax ID #. — Enter your Hawaii tax identification number. Enter "NONE" if you do not have one.

Federal Employer ID #. — Enter your 9-digit federal employer identification number (FEIN). Enter "NONE" if you do not have one.

Social Security #. — If you are an individual/sole proprietor, enter your social security number (SSN).

Line 3 — Applicant is a/an

Check the box which best describes your entity type.

If you are a Single Member LLC disregarded as separate from the owner, enter the owner's FEIN/SSN in the space provided.

If you are a Subsidiary Corporation, enter the parent corporation's name and FEIN in the space provided.

Line 4 — The Tax Clearance is Required For

Check the box(es) which correspond to your reason(s) for obtaining the tax clearance. The asterisks ("*") indicate reasons for which a state and federal clearance is required.

Check the "Other" box if you are required to obtain a tax clearance for the credit for school repair and maintenance or for the purchase of cigarette tax stamps at the reduced rate.

Line 5 — No. of Certified Copies Requested

Enter the number of certified copies you are requesting. Please retain the copy of the tax clearance that is stamped with the green certification stamp. When you require additional copies prior to the expiration date of the tax clearance certificate, submit the copy of the tax clearance that is stamped with the green certification stamp with a request for the number of copies required. Each copy will bear an original green certified copy stamp. Photocopies of the original green certified copy stamped Form A-6 will be invalid.

Line 6 — Signature

Signature. — The application must be signed by an individual/sole proprietor/owner, trustee, executor, corporate officer (president, vice-president, secretary, treasurer, etc.) or general partner or member. An employee of your company or authorized agent may sign the application if he/she possesses a valid power of attorney. Power of attorney forms are available at the Department of Taxation (Form N-848) and IRS (Form 8821 or Form 2848) as indicated on page 1 of the application. Unsigned or unauthorized signatures on applications will be returned.

Print Name. — Enter the name of the person signing the application.

Print Date/Telephone/Fax/Title. — Enter the date the application is signed, and the telephone/fax number which the Department of Taxation or IRS can call during business hours should any questions arise while processing the application for tax clearance. Also enter the title of the person signing the application.

Line 7 — City, County, or State Government Contract

Indicate whether you are submitting a bid for a contract, entering into a contract, have an ongoing contract, completing a contract, and/or waiting for final payment on a contract.

If you are requesting a tax clearance for a completion/final payment of contract, please provide the name, agency, and telephone number of the contact person at the State or County Agency in the spaces provided.

Line 8 — Liquor Licensing

For liquor licensing purposes, indicate whether you are applying for an initial liquor license, renewing your current liquor license, transferring a liquor

license, or applying for a one time special event license.

Please Note: If you are renewing your liquor license or transferring the business to another entity (or person), the federal tax clearance requires compliance with the Bureau of Alcohol, Tobacco, and Firearms (ATF).

Line 9 — Contractor Licensing

Indicate whether you are applying for your initial contractor's license or renewing your current license.

Line 10 — State Residency

Enter the date you arrived in the State of Hawaii or returned to the State of Hawaii if your reason for applying is residency status.

Line 11 — Accounting Period

If you file your tax returns on a calendar year basis (1/1 — 12/31), check the first box. If you file your tax returns on a fiscal year basis other than a calendar year, check the second box, and enter the month and day your fiscal year ends. For example, a corporation whose tax year is July 1st through June 30th would write "06/30" on the line provided.

Line 12 — Tax Exempt Organization

Tax exempt organizations must enter the Internal Revenue Code section that applies to your exempt status. For example: IRC §501(c)(3). Also, check the box to indicate whether your organization files federal Form 990, Return of Organization Exempt from Income Tax; federal Form 990-T, Exempt Organization Business Income Tax Return; or none of the above.

Line 13 — Individual

If you are an individual/sole proprietor who is married, enter your spouse's name and social security number on the lines provided.

Line 14 — If You Do Not Have a General Excise Tax License and Require a Tax Clearance for a Government Contract

If you do not have a general excise tax license and require a tax clearance for a government contract, you must complete this section. Contact the State Department of Taxation if you have additional questions. Refer to page 2 of Form A-6 for the telephone number or mailing address.

Line 15 — Filing the Application for Tax Clearance

Applications may be submitted either in person, fax or by mail. Mailing addresses for the State Department of Taxation and the IRS are provided on page 2 of the application.

A "mailed-in" tax clearance application generally takes **10 - 15 business days** to process.

If all required returns have been filed and all required taxes, penalties, and interest have been paid, a "walked-in" tax clearance to any district tax office will generally be processed the same business day.

Form A-6 also can be filed electronically through the State's Internet portal. An electronically filed tax clearance application generally takes **10 - 15 business days** to process. For more information, go to www.ehawaii.gov/efile.

CITY AND COUNTY OF HONOLULU
DEPARTMENT OF BUDGET AND FISCAL SERVICES
DIVISION OF TREASURY

APPLICATION FOR CLEARANCE OF LICENSE FEES, ASSESSMENTS AND OTHER CHARGES (PRINT OR TYPE CLEARLY).

1. **APPLICANT INFORMATION**

Applicant _____
Last, First, MI or Name of Corporation

Address _____
Street City/State Zip Code

2. **TAX IDENTIFICATION NUMBER(S)** Federal Employer ID # _____

3. **APPLICANT IS** ☐ Individual ☐ Corporation ☐ Partnership

Name of Principals _____

4. **CLEARANCE IS FOR:** ☐ Leasing/Renting State Property ☐ Taxi Driver Contract

☐ Other _____

I certify that the applicant has no outstanding delinquent balance(s) due to the City & County of Honolulu.

PRINT NAME _____ PRINT SPECIFIC TITLE: CORPORATE OFFICER, GENERAL PARTNER _____

SIGNATURE _____ DATE _____ TELEPHONE _____ FAX _____

FOR OFFICE USE ONLY _____

DATE _____ For Director of Budget & Fiscal Services _____ Certificate No. _____
City & County of Honolulu

Charges	Agency	Location	Comments	Approved	Date
Real Property Taxes	Treasury	City Hall 1st Floor			
Refuse Collection/Disposal Charges	Treasury	City Hall 1st Floor			
Sewer/Cesspool Services Charges	Treasury	City Hall 1st Floor			
Concessions	Treasury	City Hall 1st Floor			
Lease Rent	Treasury	City Hall 1st Floor			
Property Rental	Treasury	City Hall 1st Floor			
Moving Expense Recovery	Treasury	City Hall 1st Floor			
Sewer Lateral Inspection Fees	Treasury	City Hall 1st Floor			
Information & Tech Fees	Treasury	City Hall 1st Floor			
Improvement District Assessments	Treasury	City Hall Basement			
Road & Sidewalk Repair	Treasury	City Hall Basement			
Subsidy Loans	Treasury	City Hall Basement			
Traffic Damage Recovery	Treasury	City Hall Basement			
Fines	Liquor	711 Kapiolani Blvd Suite 600			
Water Service Charges	Board of Water Supply	630 Beretania St			
Civil Fines	Planning/Permit Zoning Division	Municipal Bldg 8th Flr			

APPENDIX B, ATTACHMENT 2

AFFIDAVIT OF NON-COLLUSION

STATE OF _____)

COUNTY OF _____)

_____ being first duly sworn deposes and says:

That the Proposal Package filed herewith is not made in the interest of or on behalf of any undisclosed person, partnership, company, association, organization or corporation; that such Proposal is genuine and not collusive or sham; that said Proposer has not directly or indirectly induced or solicited any other Proposer to put in a false or sham Proposal, and has not, directly or indirectly colluded, conspired, connived or agreed with any other Proposer or anyone else to put in a sham Proposal, or that anyone shall refrain from submitting a Proposal; that said Proposer has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the Proposal of said Proposer or of any other Proposer, or to fix any overhead, profit, or cost element of such Proposal or that of any other Proposer, or to secure any advantage against the Department of Transportation of the State of Hawaii or anyone interested in the proposed "Request for Proposals (RFP) Relating to the Fueling Facility Lease at Kalaeloa Airport, Kapolei, Island of Oahu, State of Hawaii" ("Lease"); that all statements contained in such Proposal are true; that said Proposer has not, directly or indirectly, submitted his or her Proposal or any breakdown thereof or the contents thereof, or divulged information or data relative thereto, or paid or agreed to pay, directly or indirectly any money, or other valuable consideration for assistance or aid rendered or to be rendered in procuring or attempting to procure the Lease to any corporation, partnership, company, association, organization, or to any member or agent thereof, or to any other individual; and further that said Proposer will not pay or agree to pay, directly or indirectly, any money or other valuable consideration to any corporation, partnership, company, association, organization, or to any member or agent thereof, or to any other individual, for aid or assistance in securing the Lease in the event the same is awarded to:

(Name of Individual, Partnership, Joint Venture, Limited Liability Company or Corporation)

Further Affiant sayeth not.

DATED at: _____, 2011

Title: _____

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2011, before me appeared _____ to me personally known, who being by me duly sworn, did say that _____ is (are) the _____ of _____ and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said _____ acknowledged said instrument to be the free act and deed of said corporation.

Print Name: _____
Notary Public, _____ Judicial Circuit
State of _____

Doc. Description: _____
No. of Pages: _____

Notary signature
My Commission Expires: _____

APPENDIX B, ATTACHMENT 3

PROPOSAL BOND

Bond No. _____

(This Proposal Bond, fully executed, may be filed as a Proposal deposit in lieu of the deposit of legal tender, or certificate of deposit, share certificate, cashier's check, treasurer's check, teller's check, or official check drawn by, or a certified check accepted by, a bank, savings institution, or credit union insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.)

KNOW ALL BY THESE PRESENTS: That we, _____,
hereinafter called the "Principal," and _____,
_____, a corporation duly licensed for the
purpose of making, guaranteeing, or becoming sole surety upon bonds or undertakings required
or authorized by the laws of the State of Hawaii, as Surety, are held and firmly bound unto the
State of Hawaii, and its successors and assigns, hereinafter called the "Obligee," in the sum of
_____ DOLLARS (\$ _____),
in lawful money of the United States of America, for the payment of which sum well and truly to
be made, we bind ourselves, our heirs, legal representatives, successors and assigns, as the case
may be, jointly and severally, and firmly by these presents.

WHEREAS, the Principal has submitted the accompanying Proposal, dated
_____ 2011, for an agreement with said Obligee to operate and maintain the
Fueling Facility Lease at Kalaeloa Airport within the State of Hawaii (hereafter the "Lease").

NOW, THEREFORE, if the aforesaid Principal shall not withdraw its Proposal
for a period of ninety (90) calendar days after the opening of Proposals, and if awarded the Lease
upon said Proposal, shall enter into the Lease with said Obligee within ten (10) business days
after the Principal has received the Lease for execution and shall contemporaneously therewith or
prior to the execution of such Lease, give to said Obligee the performance security (Proposal
Bond) in the form and amount as prescribed and set forth in the "Instructions to Proposers" with
respect to and forming a part of said Lease, and in all respects in conformity with such
Instructions, then this obligation shall be null and void; otherwise the Principal and Surety shall
pay unto the Obligee the sum of _____ DOLLARS (\$ _____),
as and for damages sustained by the Obligee as a result of a failure on the part of the Principal to
meet all of the obligations of the Principal contained herein.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be
executed at _____,
this _____ day of _____, 2011.

(Principal)

By _____
Its

(Surety)

By _____
Its Attorney-in-Fact

(ACKNOWLEDGMENTS)

APPENDIX B, ATTACHMENT 4

PROPOSER'S ANNUAL AND TOTAL GUARANTEED FEES OFFERED TO STATE

Annual Guaranteed Fee
(Written in Words)

Dollar Amount
in Numerals

First (1st) Contract Year:

_____ DOLLARS

(\$_____)

Second (2nd) Contract Year:

_____ DOLLARS

(\$_____)

Third (3rd) Contract Year:

_____ DOLLARS

(\$_____)

Fourth (4th) Contract Year:

_____ DOLLARS

(\$_____)

Fifth (5th) Contract Year:

_____ DOLLARS

(\$_____)

TOTAL GUARANTEED FEE OFFERED TO STATE

\$_____

INSTRUCTIONS TO COMPLETE ANNUAL AND TOTAL GUARANTEED FEE FORM:

1. Each Proposer shall be required to offer to the State on Appendix B, Attachment 4 (Proposer's Annual and Total Guaranteed Fees Offered to State), an annual guaranteed fee for each year of the Fueling Facility Lease (Lease). The Proposer's annual guaranteed fee offered to the State for each contract year shall then be added together to arrive at the Proposer's total guaranteed fee offered to the State over the five (5)-year term of the Lease. Each annual guaranteed fee amount and the total guaranteed fee amount offered to the State over the entire term of the Lease shall be to the nearest dollar amount in legal tender of the United States of America (U.S. Dollars). The sum total of the annual guaranteed fee amounts offered to the State during the first, second, third, fourth, and fifth years of the Lease term shall constitute the total guaranteed fee offered to the State over the five (5)-year term of the Contract;
2. Upset Minimum Annual Guaranteed Fee for First Lease Year and Maximum Allowable Guaranteed Fee for Second, Third, Fourth, and Fifth Lease Year: The upset minimum annual guaranteed fee offered to the State by each and every Proposer for the first (1st) contract year shall not be less than FIVE THOUSAND NINE HUNDRED AND NO/DOLLARS (\$5,900.00). The annual guaranteed fee offered to the State for each subsequent contract year shall not be less than the annual guaranteed fee offered to the State for the previous contract year nor shall the annual guaranteed fee amount offered to the State for any such contract year be more than a fifteen percent (15%) increase over the annual guaranteed fee amount offered to the State for the previous contract year.
3. Each Proposer's total guaranteed fee offered to the State over the five (5)-year term of the Contract shall comprise twenty-five percent (25%) (or a maximum of 150 points) of the combined total of all points awarded by the Evaluation Committee in accordance with the point system established under Item D. of the Evaluation Criteria prescribed and set forth under Section 9. (Procedures and Criteria for Evaluating All Proposals) of the Instructions to Proposers.

Name of Proposer

By _____

Date _____

APPENDIX C

FUELING FACILITY LEASE

INDEX

<u>ARTICLE</u>		<u>PAGE</u>
I	DEFINITIONS.....	2
II	PREMISES	4
III	USE OF PREMISES	4
IV	TERM	5
V	RENTAL.....	5
VI	IMPROVEMENTS	8
VII	GENERAL RIGHTS AND RESPONSIBILITY OF LESSEE	17
VIII	TAXES.....	18
IX	PROHIBITED ACTS.....	18
X	SIGNS	21
XI	INGRESS AND EGRESS	22
XII	LIABILITY AND INDEMNITY	22
XIII	SURRENDER OF PREMISES	23
XIV	COMPLIANCE WITH LAWS.....	25
XV	RULES AND REGULATIONS	33
XVI	RIGHTS-OF-ENTRY RESERVED	33
XVII	UTILITY SERVICES	34
XVIII	INSURANCE.....	35
XIX	TERMINATION BY STATE.....	41
XX	WAIVER.....	46
XXI	WITHDRAWAL.....	46
XXII	TERMINATION BY LESSEE.....	48
XXIII	SUSPENSION OR ABATEMENT	49
XXIV	SUBORDINATION OF LEASE	49
XXV	CONDEMNATION.....	50
XXVI	PERFORMANCE BOND.....	53
XXVII	LITIGATION.....	55
XXVIII	LIENS	56
XXIX	ASSIGNMENT AND SUBLETTING	56
XXX	SUCCESSORS AND ASSIGNS	60
XXXI	NOTICES.....	60
XXXII	INTERPRETATION OF LEASE	60
XXXIII	NO PARTNERSHIP	61
XXXIV	FORCE MAJEURE	61
XXXV	ENTIRE AGREEMENT.....	62

XXXVI	AMENDMENTS	62
XXXVII	APPROACH PROTECTION	62
XXXVIII	INVALID PROVISION-SEVERABILITY.....	63
XXXIX	NON-LIABILITY OF INDIVIDUALS.....	63
XL	RESERVATION OF MINERAL AND METALLIC RIGHTS	63
XLI	PREHISTORIC AND HISTORIC REMAINS.....	64
XLII	NONDISCRIMINATION.....	64
XLIII	CIVIL RIGHTS PROVISION	65
XLIV	DISPUTES	66
XLV	BROKERS	67
XLVI	SURVIVAL OF OBLIGATIONS	67
XLVII	QUIET ENJOYMENT.....	67
XLVIII	NO ACCORD AND SATISFACTION	67
XLIX	JOINT AND SEVERAL LIABILITY	68
L	ESTOPPEL STATEMENTS	68
LI	AUTHORITY	68
LII	CONSENTS.....	69
LIII	COUNTERPARTS	69
LIV	GOVERNING LAW.....	69

ATTACHMENTS:

ATTACHMENT 1	EXHIBITS A and B
ATTACHMENT 2	DEVELOPMENT STANDARDS FOR LEASED AIRPORT PROPERTY
ATTACHMENT 3	TENANT IMPROVEMENT GUIDELINES
ATTACHMENT 4	CHAPTER 19-37, HAR, FUEL HANDLING PROCEDURES AT PUBLIC AIRPORTS
ATTACHMENT 5	MINIMUM STANDARDS FOR COMMERCIAL AERONAUTICAL ACTIVITIES AT PUBLIC AIRPORTS
ATTACHMENT 6	DEPARTMENT OF TRANSPORTATION ASSIGNMENT OF LEASE AND PREMIUM EVALUATION POLICY

APPENDIX C

FUELING FACILITY LEASE

at Kalaeloa Airfield

Island of Oahu

State of Hawaii

THIS INDENTURE OF LEASE, made and entered into this ____ day of _____, 2011, by and between the STATE OF HAWAII, acting by its Director of Transportation, hereinafter called "STATE," and _____ a _____ Corporation, authorized to do business in the State of Hawaii whose business and postal address is _____, hereinafter called "LESSEE";

WITNESSETH THAT:

WHEREAS, the Department of Transportation, pursuant to Chapters 171, 261, 262, and 263 of the Hawaii Revised Statutes, is vested with certain control and jurisdiction over the operation of airports within the State of Hawaii, and more particularly that airport located at Kalaeloa, Island of Oahu, State of Hawaii, known as Kalaeloa Airfield, shown and delineated on the map labeled Exhibit A, attached hereto and made a part hereof and hereinafter referred to as the "Airport"; and,

WHEREAS, STATE, pursuant to Section 261-7, Hawaii Revised Statutes, may lease airport property to the LESSEE; and

WHEREAS, STATE has solicited Request for Proposals (RFP) to operate a nonexclusive self-service fueling facility at Kalaeloa Airfield in the State of Hawaii; and

WHEREAS, RFP's were received from qualified Proposers, which were carefully analyzed and fully reviewed, and STATE determined that LESSEE was the most qualified Proposer and awarded this Lease (hereinafter, the "Fueling Facility Lease") to operate this fueling facility on a nonexclusive basis to LESSEE; and

WHEREAS, LESSEE desires to secure and enter into this Fueling Facility Lease to lease a certain parcel of land to operate, use and maintain an existing fueling facility to sell aircraft fuel in connection with and on the Airport, and STATE is willing to lease the same to LESSEE upon the covenants, agreements, terms and conditions hereinafter set forth; and,

WHEREAS, STATE believes that it is in the best interest of STATE and the State of Hawaii to lease such property at the Airport to LESSEE for such purposes.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements, provisions, requirements, restrictions, terms, and conditions hereinafter to be kept and performed by STATE and LESSEE, respectively, and other valuable consideration, STATE does hereby grant, demise, and let unto LESSEE, and LESSEE does hereby lease and hire from STATE at or on the Airport, that certain parcel of land more particularly described in Article II. (Premises) hereof, STATE and LESSEE DO HEREBY AGREE AS FOLLOWS:

ARTICLE I. DEFINITIONS

Unless the context indicates otherwise, as used herein, the term:

A. "ADA" means the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq.

B. "ADAAG" means the United States Access Board's ADA accessibility Guidelines for Buildings and Facilities, Transportation Facilities, and Transportation Vehicles.

C. "Administrator" means the Airports Administrator of the Airports Division, Department of Transportation, State of Hawaii or the Administrator's designated representative.

D. "Airport" means the Honolulu International Airport, located in Honolulu, City and County of Honolulu, Island of Oahu, State of Hawaii.

E. "County" means the City and County of Honolulu, State of Hawaii.

F. "Department" means the State of Hawaii, Department of Transportation.

G. "Director" means the Director of Transportation, State of Hawaii.

H. "Environmental Laws" mean all federal, state, and local laws of every nature including statutes, ordinances, rules, regulations, codes, notices, standards, directives of every kind, guidelines, permits, licenses, authorizations, approvals, interpretations of the foregoing by any court, legislative body, agency or official, judicial decisions, judicial and administrative orders, rulings or judgments, or rules of common law which currently are in effect or which may come into effect through enactment, issuance, promulgation, adoption or otherwise, which in any way pertain to, relate to, or have any relevance to the environment, health or safety. These environmental laws include, but are not limited to, regulations and orders

of the federal Environmental Protection Agency, and of the State of Hawaii, Department of Health.

I. "FAA" means the U.S. Federal Aviation Administration.

J. "Facility" means all pipes, pipelines, tanks, containers or conduits of any kind that may at any time have contained, or may have been intended to contain Hazardous Substances of any type that currently exist on the Premises and/or Leasehold Improvements LESSEE intends to install on the Premises.

K. "Guests" means and includes licensees, permittees, contractors, subcontractors, sub-subcontractors, vendors, visitors, providers of utility services and other services, customers, patrons, and invitees of LESSEE.

L. "Hazardous Substance" means and chemical, substance, radioactive material, organic or inorganic material, controlled substance, object, condition, waste, living organism, or combination thereof which is, may be, or has been determined by state or federal authority under any environmental law to be hazardous to human health or safety or detrimental to the environment. This term shall include, but not be limited to, petroleum hydrocarbons, asbestos, radon, polychlorinated biphenyls (PCBs), methane, fuels of any kind, and other materials or materials or substances that are, or may in the future be, regulated by state or federal authorities.

M. "HRS" means Hawaii Revised Statutes.

N. "Land Board" means the Board of Land and Natural Resources of the State of Hawaii.

O. "Lease Documents" means all of the following: (1) Notice to Proposers; (2) Instructions to Proposers; (3) Proposal Intent Package, including the Notice of Intention to Propose (Appendix A); (4) Proposal Package, including the Proposal Form (Appendix B); (5) this Fueling Facility Lease (Appendix C); (6) Lease Performance Bond (Appendix D); and (7) attachments thereto.

P. "Leasehold Improvements" means and includes all improvements, buildings, building improvements, and other structures and fixed improvements affixed, attached, constructed, erected, installed, or placed in a permanent fashion to, at, in, on, over, or under the Premises by LESSEE during the Lease term, and includes walls, floors, roofing, interior finishing, doors, windows, ceilings, built-in cabinets and shelving, counters, flooring material and carpeting glued, nailed or tacked down, all utility lines, conduits, piping, service panels, connections and receptacles, all lighting fixtures (bulbs included) attached to walls and ceilings, all sprinkler systems, landscaping, paved areas and curbing, concrete or rock walls and boxes, sewer and drain piping and culverts, central, split or package heating, ventilation and air

conditioning systems, compressed air systems (except for the air compressor pump and air tank), fences and gates, and all other similar attachments, fixtures, and articles permanently affixed, or firmly embedded, or fastened to the Premises.

Q. "LESSEE" means the legal entity named in the first paragraph of this Lease; provided however, that from and after any valid assignment or transfer in whole of said LESSEE's (as Assignor) interest under this Lease pursuant to Article XXIX. (Assignment and Subletting) hereof, "LESSEE" shall also include the assignee or transferee of said interest.

R. "Personal Property" means and consists of any kind of property that is temporary or movable property and not real property, including any and all trade fixtures, office and business furnishings, decorations, equipment and furniture, draperies, grease racks, piping, movable display cases and shelving, movable appliances and drinking fountains, communication instruments (including, without limitation, all telephone, radio, telegraph, computer, wireless, cellular, and television) and antenna, window air conditioning units, portable heaters, and other temporary or movable goods or chattels owned, purchased, and/or installed by LESSEE, and other similar articles or chattels not firmly or permanently affixed or attached to the Premises and/or Leasehold Improvements situated thereon.

S. "STATE" means the State of Hawaii, acting by and through its Department of Transportation, any governmental department, agency, commission, or other subdivision thereof, as may succeed to the rights, duties, and powers of said Department.

T. "TSA" means the U.S. Department of Homeland Security, Transportation Security Administration, or its successor agency.

ARTICLE II. PREMISES

The STATE, for the term, and for and in consideration of the rentals, fees and other charges to be paid by LESSEE, as prescribed and set forth in Article V. (Rental) hereof, and upon the agreements, covenants, promises, provisions, requirements, restrictions, terms and conditions as are hereinafter more particularly set forth, all on the part of LESSEE to be kept, observed, and performed, does hereby grant, demise and let unto the LESSEE, and LESSEE does hereby lease and hire from STATE, the exclusive right to occupy and use that certain existing fueling facility, situated at the Airport, designated as Space No. 001-101, containing an area of 10,000 square feet, more or less, as shown and delineated on the map labeled Exhibit B, dated May 2011, attached hereto and made a part hereof, said land area is hereinafter referred to as the "Premises."

ARTICLE III. USE OF PREMISES

LESSEE shall have the right to use the Premises for the following purposes:

A. Fueling Facility. To operate, manage and maintain an existing self-service fueling facility (hereafter "business operation") consisting of a 10,000 gallon above-ground storage tank intended to hold aviation fuel (avgas), the right to sell said aviation fuel and jet petroleum fuel, and to maintain and operate for such purpose the stationary dispensing equipment; to include existing credit card readers, provided, however that the LESSEE's storage and handling of fuel and LESSEE's operation and storage of any and all such dispensing equipment shall at all times be in conformity with applicable industrial and fire code standards and all governmental rules and regulations relating to such storage, handling, and operation, including Chapter 19-37, Hawaii Administrative Rules, Fuel Handling Procedures at Public Airports (Appendix C, Attachment 4), attached hereto and made a part hereof, and that all such dispensing equipment be maintained by LESSEE in good operating condition.

The State may, but is not required to add additional fuel tanks to the Fueling Facility for the sale of Avgas or Jet-A Fuel, during the term of the Lease.

B. Parking. The right to park, or permit the parking, after obtaining STATE's prior written approval, of automobiles operated by LESSEE, its officers, employees, agents, and guests;

C. Incidental Operations. The right to conduct, after obtaining STATE's prior written approval, any other operation or activity, which is reasonably necessary or incidental to the conduct of LESSEE's business operation.

ARTICLE IV. TERM

LESSEE shall have the right occupy and use the Premises for the purposes prescribed and set forth in Article III. (Use of Premises) and Article VII. (General Rights and Responsibilities of LESSEE) of this Lease, for a period of five (5) years, commencing on _____, and ending on _____, unless sooner terminated as provided herein.

ARTICLE V. RENTAL

A. Annual Rental. LESSEE shall pay to STATE, without notice or demand, as and for rental for the use of the Premises and for the privilege of doing business at the Airport, for and during the term of this Lease, free from any and all claims, deductions, and set offs

against STATE, unless otherwise noted, and at such times and in such manner as hereinafter provided, the amount as provided herein:

1. Rental. Beginning on the commencement date hereof, LESSEE shall pay to STATE, in monthly installments, an annual guaranteed fee in accordance with the schedule as set forth in Appendix B, Attachment 4 (Proposer's Annual and Total Guaranteed Fees Offer to State) of the Proposal.

2. Fuel Flowage Fee. In addition to any other fees, LESSEE shall pay a fuel flowage fee for all types of aviation fuel received from a commercial distributor. The fee shall be \$.04 per gallon for the first 100,000 gallons of fuel received from a commercial distributor and \$.06 per gallon for any fuel over 100,000 gallons received annually. This fuel flowage fee shall be effective throughout the term of this Lease.

B. Rent Commencement. The rental payment shall commence on the commencement day of this Lease as established in Article IV. (Term) hereof.

C. General Payment Provisions.

1. Time of Payment.

a. Rental. The annual guaranteed fee for the appropriate Lease year and other charges as required herein shall be prorated and paid in monthly installments, in advance, but not more than one year in advance, on the first day of each and every month of each and every year during the term of this Lease, commencing on _____.

b. Fuel Flowage Fee. On or before the twentieth (20th) day of each month during the term of the Lease, and including the month following termination of the Lease, the LESSEE shall pay the fuel flowage fee required as described in Article V.A.2 (Fuel Flowage Fee).

2. Place of Payment. All payments of money, including rental payments, required to be made by LESSEE to STATE hereunder, shall be made when due in legal tender of the United States of America, at STATE's office at the Airport, or at such other place as STATE may designate in writing.

3. Interest Charges on Delinquent Accounts. Without prejudice to any other remedy available to STATE, LESSEE agrees, in addition to any late or delinquent penalties or charges that may be assessed and without further notice or demand, to pay interest to STATE at the rate of twelve percent (12%) per annum on the outstanding delinquent balance of each of LESSEE's delinquent accounts.

4. Delinquent Payment Defined. The term "delinquent payment," as used herein, means any payment of rental, fees, interest charges and/or other charges or amounts payable by LESSEE to STATE, which are not paid when due, as prescribed in this Article V. (Rental).

5. Accrued Rental, Fees, and Other Charges. The expiration or sooner termination of this Lease by the lapse of time, or otherwise, shall not relieve LESSEE of its obligation to pay any and all rental, fees, interest and/or service charges, and/or other charges or amounts accrued during a period in which this Lease is or was in effect, and which are unpaid at the time of any such expiration or termination.

6. Pro Rata Payment. If this Lease terminates without fault of LESSEE on any day other than the last day of any calendar month, the applicable rents and other charges for said month shall be paid pro rata in the same proportion that the number of days this Lease is in effect for that month bears to the number of days in that month.

D. Additional Charges. In addition to the right of STATE to charge and collect upon demand interest charges as provided in Article V.C.3. (Interest Charges on Delinquent Accounts) of this Lease or to terminate this Lease pursuant to Article XIX. (Termination by STATE) hereof, STATE may levy on and collect from LESSEE a charge of TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$250.00) per day, paid in legal tender of the United States of America, for each and every day LESSEE is in violation of any of the agreements, covenants, promises, provisions, requirements, reservations, restrictions, stipulations, terms, or conditions of this Lease; provided, however, that there shall be no levy unless the violation(s) continues beyond the period specified in Article XIX. (Termination by STATE) hereof, for remedial action(s); and provided further, that separate charges may be levied by STATE for violations of separate provisions by LESSEE even though the violation(s) may be concurrent. Payment of the additional charges by LESSEE shall be due and payable to STATE on demand and shall bear interest when not paid at the same rate and in the same manner as for unpaid rentals as prescribed and set forth in Article V.C.3. (Interest Charges on Delinquent Accounts).

E. Return of Prepaid Rental. In the event this Lease is terminated prior to its expiration for any cause except LESSEE's default, all unearned, prepaid rentals received by STATE from or on behalf of LESSEE hereunder shall be returned or refunded to LESSEE.

F. Business Records. In connection with the rental obligations of LESSEE, LESSEE shall:

1. Monthly Report. Submit to STATE on or before the twentieth (20th) day of each and every month of the term of the Lease, including the 20th day of the month following the end of the Lease by expiration or sooner termination, at the place fixed for the payment of rent, a written statement using the forms prescribed or approved by the Director, to

be certified as correct by the LESSEE, or by a person duly authorized by the LESSEE to so certify, showing in accurate detail, the amount of aviation fuel delivered during the previous month, accompanied with fuel delivery receipts from the commercial supplier(s) for the same period.

2. Annual Report. The LESSEE shall further submit on or before the sixtieth (60th) day following the end of each Lease year at the place fixed for the payment of rent, a written statement certified as correct by LESSEE or by a person duly authorized by LESSEE to so certify, or by an independent certified public accountant, showing the total amount of aviation fuel delivered by a commercial supplier(s) for each such Lease year.

The written statements referred to herein shall be in such form and style and contain such details and breakdowns as STATE may require. Without prejudice to any remedies herein provided for such default, after seven (7) days' advance written notice to LESSEE, if LESSEE shall fail to promptly furnish any such monthly or annual verification report, STATE may have any such report prepared on LESSEE's behalf by an accountant to be selected by STATE, at the sole cost and expense of the LESSEE. LESSEE shall furnish to such accountant all books, accounts, records, statements, computer files, records and programs and reports, including, without limitation, gross income tax reports (hereinafter referred to collectively as the "Records") requested for the purpose of preparing such reports, and LESSEE shall pay immediately to STATE, upon notice from STATE, all expenses incurred by STATE in securing and obtaining such reports.

3. Access. Grant unto STATE at all reasonable times access to all Records and at any reasonable time on twenty-four (24) hours advance written notice permit a complete audit to be made, by STATE's accountant or by a Certified Public Accountant of STATE's choice, of LESSEE's entire business affairs and Records relating to the business conducted on the Premises. LESSEE will cooperate fully in the making of any inspection, examination or audit, including, without limitation, delivering to STATE or STATE's employees or accountants all records situated outside of the Island of Oahu, State of Hawaii, and if LESSEE is unable to present the Records within the time prescribed by STATE, LESSEE shall pay all travel expenses incurred by STATE or STATE's employees and accountants to examine the Records.

ARTICLE VI. IMPROVEMENTS

A. Acceptance of Premises. LESSEE warrants it has examined, inspected, and knows of the condition of the Premises, including the Facility, dispensing equipment and any other Leasehold Improvements, and takes same, in its existing form, content, and state of condition, without any representation by or on behalf of STATE. LESSEE further agrees that STATE shall not be liable for any latent, patent or other defects or defects in, on, over, under, or about the Premises, including easements and appurtenances thereto, the Facility, dispensing

equipment and any other Leasehold Improvements. By taking possession of the Premises and all that may be part of the Premises, including the Facility, dispensing equipment and any other Leasehold Improvements, LESSEE fully assumes all risks incidental to use and enjoyment thereof, and agrees to release and discharge any claims, rights, and actions LESSEE may have with respect to the condition of the Premises, including the Facility, dispensing equipment, and any other Leasehold Improvements.

B. Improvement Plans. LESSEE shall, at its sole cost and expense construct improvements to the Premises to accommodate LESSEE's business operation.

1. LESSEE's Plans. All designs, plans, drawings, specifications, cost estimates, schedules, and timetables, together with a detailed plot plan and layout, for and relating to the construction and installation of Leasehold Improvements at, in, on, over, under, or about the Premises, shall hereinafter be referred to collectively as "LESSEE's Plans."

2. Properly licensed. A properly licensed architect or engineer must prepare LESSEE's Plans. Properly licensed contractors must construct, erect, and install LESSEE's Leasehold Improvements.

3. Compliance with Development Standards. LESSEE shall obtain STATE's prior written approval for LESSEE's Plans and Leasehold Improvements, including all initial and subsequent construction, repair, refurbishment, or installation of improvements at, in, on, over, or under the Premises and all such improvements, except as otherwise stated herein or hereafter, must: (a) be of high quality; (b) incorporate quality materials; (c) be completed with first-class workmanship; (d) meet applicable County building codes, standards, and specifications; and, except as otherwise stated herein, (e) adhere to and completely comply with and satisfy STATE's: (i) Development Standards for Leased Airport Property (Appendix C, Attachment 2); and, (ii) Tenant Improvement Guidelines (Appendix C, Attachment 3), hereinafter referred to collectively as the "Development Standards", all of which are attached hereto and hereby made a part hereof, including any and all subsequent amendments and other design development guidelines adopted by STATE.

4. STATE's Approval. STATE shall not unreasonably withhold approval for LESSEE's Plans. STATE may reasonably withhold such approval, including, without limitation, if, in the sole discretion of STATE, such construction, erection, or installation will be:

a. Structurally unsafe. Structurally unsound or unsafe or hazardous for human use or occupancy; or,

b. Violation of Lease. Not in compliance with any requirement of this Lease; or,

c. Building, electrical, plumbing, health, and/or fire code violations. Not in compliance with the building, electric, plumbing, health, and fire codes, regulations, standards, or specifications of the County or the State; or,

d. Development Standards violation. Not in compliance with the Development Standards, including STATE's requirements relating to the development of facilities, which effectively and harmoniously matches the external architecture of other similar portions of the Airport at which the facilities will be constructed, erected, or installed; or,

e. Violation of FAA requirements. Not in compliance with any rule, regulation, or order of the FAA; or,

f. Violation of any other federal requirement. Not in compliance with any federal law, code, statute, rule, regulation, or order.

5. STATE's Disapproval. If STATE disapproves of LESSEE's Plans, STATE shall give LESSEE written notice of STATE's disapproval, which notice shall state the reason or reasons for STATE's objections to LESSEE's Plans. LESSEE shall thereupon prepare and submit to STATE new or revised LESSEE's Plans as shall reasonably satisfy STATE's prior objections.

6. Compliance with STATE's Design Standards. Prior to submitting LESSEE's Plans to STATE for the purpose of obtaining STATE's written approval, such plans, drawings, and specifications must comply with, meet, or completely satisfy all of the following design standards:

a. Structure. All construction, erection, and installation shall be structurally safe, sound, and non-hazardous.

b. Workmanship. All construction, erection, and installation shall be of new materials and first-class workmanship.

c. Materials. Leasehold Improvements shall be constructed of prefabricated metal or concrete block or any similar fireproof material approved, in writing, by STATE, with concrete floors, especially if used for the storage or handling of flammable fluids, chemicals, or lubricants and aircraft servicing and maintenance.

d. Setbacks. Building(s) shall be set back a minimum of ten (10) feet from property lines, unless otherwise approved, in writing, by STATE.

e. Utility Lines. Utility lines shall be located above or underground.

f. Security Fencing. In the event LESSEE is required to install additional security fencing mandated by federal or state laws, rules, or regulations, LESSEE shall complete the installation of said fencing with the required chain-link fence, and where necessary for airport security purposes, with three (3) strands of barbed wire or with other security walls, barricades, and fencing that meet airport standards, all as approved, in writing, by STATE. Fences between the Premises and adjacent property shall be constructed, erected, or installed directly on the property lines, with all costs and expenses for such construction, erection, or installation shared equally by LESSEE and lessee of the adjacent property, if there is an adjoining lessee at the time LESSEE constructs, erects, or installs the required fencing. If there is no adjoining lessee, Lessee shall be responsible for all costs and expenses for the installation of the security fencing. LESSEE's failure to conform to security regulations may subject STATE to a monetary fine, as imposed or prescribed by a government agency. LESSEE shall reimburse STATE for any fines so paid by STATE, or at the sole discretion of STATE, STATE may assess LESSEE the fine and LESSEE shall be liable and shall assume responsibility to pay such fine directly to the citing government agency. Failure of LESSEE to reimburse STATE within thirty (30) calendar days after STATE's demand for reimbursement is made to LESSEE shall be cause for a penalty assessment by STATE and/or termination of this Lease as provided in Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, hereof.

g. Height limitations. All Leasehold Improvements, including all buildings and other structures on the Premises, shall not exceed the airport height limitation prescribed by STATE or the Federal Aviation Administration or cause a hazard to air safety, as prescribed and set forth in Article XXXVII. (Approach Protection) hereof or pursuant to any federal, state, or county law, statute, ordinance, rule, or regulation.

h. Signs. Signs bearing LESSEE's name or business name shall not exceed the allowable overall size set by County building codes and shall not be located higher than the top of the Leasehold Improvements. Illuminated, neon, or other similar signs are prohibited. Prior to the erection, installation, or placement of any sign by LESSEE, LESSEE must first obtain STATE's written approval of each sign's design, graphics, color, layout, and method of mounting.

i. Easement. Structures or foundations comprising LESSEE's Leasehold Improvements, including all buildings and other structures on the Premises, shall not be built, constructed, erected, installed, or placed over any pipeline or other utility conduit easement or within any aircraft approach/takeoff clear zone or other setback area without LESSEE first obtaining STATE's prior written approval.

j. Landscaping. For the enhancement and beautification of the Premises, LESSEE shall landscape all open and unpaved areas of the Premises with grass, ground cover, bushes, shrubbery, trees, and other types of foliage.

C. Environmental Report. Prior to the commencement of any construction work on LESSEE's Leasehold Improvements, LESSEE shall, at LESSEE's sole cost and expense, provide or submit to STATE a Final Environmental Assessment or Final Environmental Impact Statement or other appropriate environmental report, if so required by STATE or another governmental agency. The required assessment, statement, or report shall be prepared by LESSEE or LESSEE's agent and processed through appropriate governmental agencies, including the Department of Health, State of Hawaii for STATE's final written approval at LESSEE's sole cost and expense.

D. Construction Program.

1. STATE Approval of Leasehold Improvements. Prior to the commencement of any work being done, LESSEE shall obtain STATE's written approval of LESSEE's Plans covering the portion of the Premises upon which such work is to be done, and shall obtain all governmental or other approvals required by law. LESSEE's Plans shall employ optimum essentials of aesthetics, quality of materials and equipment, convenience, function, and design and shall be compatible in such respects with those of the Airport and the Development Standards.

LESSEE shall not install any antenna or aerial wires, or radio or television equipment, or any other type of telecommunication or other equipment, inside or outside of its Leasehold Improvements or anywhere else on the Airport without the prior written approval of STATE, and upon such terms and conditions that may be prescribed by STATE in each and every instance.

2. Plans and Specifications. LESSEE shall, at its sole cost and expense, employ competent and properly licensed architects, engineers, and interior designers who will prepare LESSEE's Plans, including, without limitation, architectural, interior, exterior and engineering designs, detailed plans, specifications, and cost estimates of all Leasehold Improvements and Personal Property to be installed at, in, on, over, or under the Premises. LESSEE shall, at its sole cost and expense prior to the start of construction, obtain all necessary permits and governmental approvals. LESSEE shall submit five (5) sets of LESSEE's Plans for review and approval by STATE in accordance with a time schedule furnished by STATE.

All of LESSEE's Plans shall be first submitted to STATE for written approval before LESSEE awards, issues, or lets any and all contracts for the construction of its Leasehold Improvements and/or enters into any and all contracts for the purchase of any Personal Property to be installed at, in, on, over, or under the Premises.

3. Adherence to LESSEE's Plans. No substantial change, addition, or alteration shall be made in LESSEE's Plans so approved without first obtaining STATE's approval in writing. No Leasehold Improvements or other improvements or Personal Property other than as contemplated herein shall be constructed, erected, installed, or placed at, in, on, over, or under the Premises without the prior written consent of STATE and any and all terms and conditions relating thereto imposed by STATE shall become terms and conditions hereof, as if they had been originally stated in this Lease.

4. Governmental Approvals. LESSEE, at its sole cost and expense, shall also procure all governmental approvals and permits necessary for the construction, erection, installation, or placement of its Leasehold Improvements and Personal Property at, in, on, over, or under the Premises.

5. Submittals Required Upon Completion. Upon completion of the construction, erection, installation, or placement of its Leasehold Improvements and Personal Property, LESSEE shall, within thirty (30) calendar days thereafter, at no cost or expense to STATE, furnish STATE:

a. Certificate. A certificate certifying that its Leasehold Improvements and Personal Property have been constructed, erected, installed, or placed in accordance with the approved LESSEE's Plans and in strict compliance with all laws, statutes, and ordinances, and governmental rules, regulations, codes, directives and orders;

b. As-builts. Two complete sets of as-built construction drawings, specifications and plans (including, but not limited to, architectural, mechanical, plumbing, and electrical drawings, plans and specifications) containing a separate stamp from LESSEE's licensed architect or engineer after the date construction (including subsequent additions or alterations thereto) has been completed or accompanied by an attestation from both LESSEE and either LESSEE's architect or engineer that such submitted drawings constitute true and accurate representations of the as-built condition of the Leasehold Improvements and LESSEE's Personal Property, and one complete set in Computer Aided Design (CAD) format which complies with STATE's current CAD standards. The construction as-built drawings must include any and all applicable governmental approval or permit numbers, the Leasehold Improvements and LESSEE's Personal Property constructed, erected, installed, or placed by LESSEE at, in, on, over, or under the Premises, and the location and details of construction or installation of all equipment, utility lines, and heating, ventilating, and air-conditioning ducts and related appliances. LESSEE shall keep said drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to the Premises.

Failure by LESSEE to submit LESSEE's Plans and/or complete its Leasehold Improvements, and/or tender such as-built drawings, plans, and specifications and improvement costs within the prescribed times shall constitute a violation of this Lease and give

STATE the right to assess a penalty and/or terminate this Lease pursuant to Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, hereof.

c. Field changes, updates and revisions. As construction, erection, installation, or placement of the Leasehold Improvements and Personal Property is later completed, but within the first year of this Lease, a record of the in-place costs, and if requested by STATE, duplicate receipted invoices for all materials and construction and installation costs incurred which LESSEE records as capital expenditures as part of the Leasehold Improvements and Personal Property at, in, on, over, or under the Premises.

E. Title.

1. Leasehold Improvements. Subject to the provisions of Article XIII. (Surrender of Premises) hereof, title to any and all of LESSEE's Leasehold Improvements, including fixed additions and trade fixtures, constructed, erected, installed, or placed by LESSEE, at LESSEE's sole cost and expense, in, on, over, under, or about the Premises, shall remain with LESSEE during the term of this Lease. Title to any and all of the Leasehold Improvements at the expiration or sooner termination of this Lease shall vest, at the sole discretion of STATE, in STATE, free and clear of any and all claims, liens, judgments, and encumbrances. However, at least six (6) months prior to the expiration or earlier termination of this Lease, STATE shall inform LESSEE of any Leasehold Improvements it will not take title to when this Lease expires or terminates. LESSEE shall remove any such Leasehold Improvements within ninety (90) days after the expiration or sooner termination of this Lease. Should LESSEE fail to remove any of the identified Leasehold Improvements that STATE will not take title to within ninety (90) days after this Lease expires or terminates, STATE may remove the same at the sole cost and expense of LESSEE. Title to any of the Leasehold Improvements not identified to LESSEE in accordance with this Article VI.E.1. (Leasehold Improvements) shall vest in STATE.

2. Personal Property. Subject to the provisions of Article XIII. (Surrender of Premises) hereof, title to any and all Personal Property constructed, erected, installed, or placed by LESSEE, at LESSEE's sole cost and expense, at, in, on, or over the Premises shall remain in LESSEE during the term of this Lease.

3. Bill of Sale. At the expiration or sooner termination of this Lease and at the request of STATE, LESSEE shall without further compensation deliver to STATE a bill of sale or other appropriate document evidencing the vesting of title to all Leasehold Improvements in STATE's name, at no cost to STATE; provided further, however, that upon the termination of this Lease, for any reason whatsoever, LESSEE shall comply with any requirement of STATE to remove, at LESSEE's sole cost and expense, all or any portion of the Leasehold Improvements at, in, on, over, or under the Premises (including, without limitation, any building, structure or other improvement erected, constructed, or installed by LESSEE upon

the Premises) that STATE requires LESSEE to so remove, in accordance with Article VI.E.1. (Leasehold Improvements).

4. Sale of Personal Property. If LESSEE expects to, contemplates, or could sell, transfer, or convey title to and interest in any trade fixture or any Personal Property purchased by, used, and installed by LESSEE at LESSEE's own expense upon the Premises, as part of any assignment of this Lease, it shall be LESSEE's sole responsibility to submit to STATE evidence of the item and the purchase price paid by LESSEE for such trade fixture or other Personal Property within thirty (30) calendar days from said purchase. LESSEE's failure to submit the necessary information and evidence to STATE within the prescribed time limit will discharge STATE from any obligation or duty to consider the adjusted depreciated cost of any said trade fixture, other Personal Property, or item in a Lease assignment or transfer pursuant to Article XXIX. (Assignment and Subletting) hereof.

5. Equipment Provided by the State. Title to any and all of the equipment provided by the State, including but not limited to the items described in Section III.A. (Fueling Facility) shall remain in the State during the term of the Lease.

F. LESSEE's Maintenance and Repair.

1. LESSEE's General Obligations. LESSEE shall, at all times and at its sole cost and expense, properly upkeep and maintain in good repair and in a clean and orderly condition and appearance all portions of the Premises, including, without limitation: (a) all Leasehold Improvements; (b) all Personal Property; (c) all equipment provided by the State, including but not limited to the items described in Section III.A. (Fueling Facility), (d) all mechanical room equipment such as, but not limited to, heat exchanges, fans, controls and electric panels; (e) obstruction lights and similar devices, fire protection and safety equipment, and all other like equipment required by any law, statute, rule, regulation, order, or ordinance; (f) any of the following located in or on the Premises: fences, exterior and interior walls, windows, operating mechanisms of and attachments to windows and skylights, screens, roofs, foundations, steel work, columns, doors, partitions, floors, ceilings, fixtures, inside and outside paved and unpaved areas, landscaping, glass of every kind, and utility, mechanical, electrical and other systems; and, (g) all areas within the Premises, particularly those adjacent to the entrances and exits, including keeping them free of obstructions. LESSEE shall take the same good care of the Premises that would be taken by a reasonably prudent owner who desired to keep and maintain the same so that at the expiration or sooner termination of this Lease, the Premises will be in a condition similar to that which existed at the commencement of this Lease (or in the case of Leasehold Improvements made during the Lease term, in as good condition as at the time of the construction or installation thereof), ordinary wear and tear excepted, which does not adversely affect the structural integrity of, or materially and adversely affect the efficient or proper utilization of, any part or portion of the Premises.

2. Preventative Maintenance. To accomplish this requirement, LESSEE shall establish an adequate preventative maintenance program, and the provisions of LESSEE's program shall be subject to periodic review and approval by STATE.

3. Refurbishment. Refurbishing shall include, without limitation, all refinishing, repairs, replacement, redecorating, and painting necessary to keep and maintain the Premises and equipment provided by the State in a first class condition.

4. Failure to Comply. If LESSEE fails to properly perform and complete its maintenance, repair, and refurbishment obligation hereunder, particularly with respect to nonstructural repairs, replacement, redecorating, and painting, within a period of ten (10) calendar days after LESSEE receives written notice from STATE of such failure by LESSEE, STATE may, at its option, and in addition to all other remedies which may be available to STATE, repair, replace, rebuild, redecorate, or paint any portion of the Premises, or repair, refurbish or replace any equipment provided by the State, included in said notice from STATE to LESSEE, and the cost thereof, plus fifteen percent (15%) for administrative overhead, shall be paid by LESSEE to STATE upon demand from STATE.

5. Damage Repair. LESSEE shall suffer no strip or waste of the Premises, and shall repair, replace, rebuild, restore, and/or paint all or any part or portion of the Premises or any equipment provided by the State, that may be damaged or destroyed by the acts or omissions of LESSEE, LESSEE's officers, employees, agents, and guests. Any and all structural repairs, alterations, and additions to be made by the LESSEE to, at, in, or on the Premises (and any and all other such work which is non-structural and costs \$1,000.00 or more) shall be subject to the requirements of this Article VI.(Improvements) herein, and all such work must receive the prior written consent of STATE.

6. Removal of Leasehold Improvements. LESSEE shall, upon notice from STATE, promptly remove any and all Leasehold Improvements not authorized by this Lease, or repair, replace, or restore any and all Leasehold Improvements which may, by reason of use or negligence of LESSEE, become, in the opinion of STATE, unsound, unsafe, or hazardous, and in case of LESSEE's failure to remove or repair, replace, or restore the same, STATE may remove or repair, replace, or restore such Leasehold Improvements and other structures and facilities without liability to LESSEE or others for damages, and LESSEE shall pay the cost of such removal or repair, replacement or restoration as additional rent.

7. Safety Equipment. LESSEE shall, at its sole cost and expense, provide and maintain all obstruction lights and similar devices, all fire protection and safety equipment, and all other equipment of every kind and nature required by any law, rule, order, ordinance, resolution, or regulation.

8. STATE's Security Fence. If STATE erects any security fence that connects to or runs along the LESSEE's Premises, LESSEE shall, at its sole cost and expense,

maintain all portions of said security fence designated by STATE. LESSEE shall also maintain security in such a manner that unauthorized persons shall not have access to any secured or restricted areas of the Airport, including all airport operations areas through the Premises, and LESSEE's officers, employees, agents and guests, and any other party acting on behalf of or with the permission of LESSEE shall be under the control, supervision, or guidance of LESSEE when entering any such secured or restricted areas of the Airport, including all airport operations areas. LESSEE shall enter into any separate supplemental agreement required by STATE or the TSA covering Airport security requirements. LESSEE's failure to observe any Airport security requirement shall constitute a violation of this Lease and give STATE the right to assess a penalty and/or terminate this Lease pursuant to Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, hereof.

9. Sidewalks. LESSEE shall clean and maintain, and repair, if damaged by LESSEE, and/or LESSEE's officers, employees, agents, and/or guests, any and all sidewalks, or any part or portion thereof, fronting the Premises. LESSEE shall report to STATE any damage to sidewalks on, in, or about the Premises that is not caused by LESSEE, LESSEE's officers, employees, agents, or guests, in which case STATE shall repair said damage as soon as practicable.

10. Landscaping. LESSEE shall maintain and properly care for any and all landscaping at, in, on, or over the Premises and shall periodically (at least monthly) remove weeds and other noxious vegetation that may appear on the Premises and along the perimeter of the Premises. LESSEE shall also remove from the Premises, at the same time, any junk, litter, abandoned or damaged motor vehicles, trade fixtures, furnishings, furniture, equipment, and other Personal Property, excess material, leaking containers or other similar items and/or equipment, vehicle parts, and machinery that are unsightly, dangerous, in disrepair, unclean, and/or inoperative.

ARTICLE VII. GENERAL RIGHTS AND RESPONSIBILITIES OF LESSEE

LESSEE shall have the right with respect to the Premises herein to do or perform any of the following things upon the terms and conditions hereinafter set forth:

A. Commercial Aeronautical Activities. Unless otherwise stated herein, LESSEE shall have the right to perform commercial aeronautical activities as stated in Article III. (Use of Premises); provided, however, that LESSEE shall comply with and conduct such activities in accordance with STATE's Minimum Standards for Commercial Aeronautical Activities at Public Airports, Airports Division Procedure No. 4.9, dated May 3, 1990, attached hereto as Appendix C, Attachment 5, and hereby made a part hereof, including any and all amendments, changes, revisions, updates, or supplements made thereto and adopted by STATE after the commencement date of this Lease.

B. Architects, Contractors, and Builders. LESSEE shall have the right to employ such architects, contractors, or builders as LESSEE shall deem necessary or desirable in connection with the authorized construction, installation, alteration, modification, repair, or maintenance of any and all Pre-Existing Leasehold Improvements or Leasehold Improvements at, in, on, over, or under the Premises; provided, however, that any such architects, contractors, or builders shall be properly licensed in the State of Hawaii and otherwise competent in their respective professions or trades.

C. Other Activities. LESSEE shall also have the right to do and perform any of the things described in and/or authorized pursuant to Article III. (Use of Premises) and this Article VII. (General Rights and Responsibilities of LESSEE) hereof.

ARTICLE VIII. TAXES

A. Taxes and Assessments. LESSEE shall pay in full any and all taxes and assessments levied or assessed upon LESSEE and/or the Premises, including, but not limited to, Federal income taxes, State income and general excise taxes, and County real property taxes, before the delinquent date thereof, and, subject to the provisions of Article XIX.A.11. (Failure to Pay Taxes) hereof, LESSEE shall indemnify, defend, keep, save, insure, and hold STATE and the Premises harmless against any and all attachments, claims, or liens related to or connected with such taxes, charges, and/or assessments and all expenses resulting therefrom, including reasonable attorney's fees. LESSEE shall have the right to contest the amount or validity of any such tax, charge, and/or assessment by appropriate legal proceedings in LESSEE's own name.

B. Tax Clearances. LESSEE shall, upon demand by STATE, present evidence, such as tax clearances from the respective tax offices, to STATE, demonstrating LESSEE's payment of all applicable State and County taxes prior to the commencement date of the Lease and for any other year or series of years during the term of this Lease.

ARTICLE IX. PROHIBITED ACTS

LESSEE shall not perform any service nor use the Premises for any purpose not enumerated in Article III. (Use of Premises) hereof, or not authorized pursuant thereto.

Further, LESSEE shall not use the Premises or any portion thereof, nor permit any of the same to be used by any of LESSEE's officers, employees, agents, and/or guests for any of the following prohibited acts:

A. Nuisance. LESSEE shall commit no actionable nuisance or do any act that results or may result in the creation or commission or maintenance of a nuisance at, on, in, or over the Premises, and shall not do or permit to be done anything which may result in the

creation or commission or maintenance of any such nuisance on the Premises. Further, LESSEE shall also not cause, produce, or permit to be caused or produced upon the Premises, or to emanate therefrom, any offensive sounds, or any noxious or objectionable smoke, gases, vapors, or odors.

B. Illegal acts. LESSEE shall not use the Premises, or any part or portion thereof, or permit the same to be used by any of LESSEE's sublessees, tenants, officers, employees, agents, and/or guests for any illegal act or purpose.

C. Discrimination. LESSEE shall not use the Premises in support of any policy which discriminates against anyone based upon race, creed, color, national origin, sex, or a physical disability.

D. Equal treatment. LESSEE shall furnish services on a fair, equal, and nondiscriminatory basis to all parties, and shall charge fair, reasonable, and nondiscriminatory prices for each unit or service; provided, however, that the LESSEE may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reduction to volume purchasers.

E. Security. LESSEE shall not allow entry to the airport operations area (AOA) of the Airport or any other secured or restricted areas of the Airport through the Premises by any unauthorized persons and ground vehicles.

F. Lodging. The Premises may not be used as a hotel, motel, inn, hostel, bed and breakfast, temporary or legal residence, or any similar boarding or lodging.

G. Alcoholic Beverages. The consumption of alcoholic beverages by anyone at, in, or on the Premises is prohibited at all times. /

H. Interference. LESSEE shall not interfere with the effectiveness of, or access to utilities, air conditioning, elevators, or escalators (including facilities, structures, lines, equipment, conduits, and appurtenances, connected or appurtenant thereto) in or adjacent to the Premises, the free access and passage in and to the Premises or public areas adjacent thereto, or in the streets or sidewalks adjoining the Premises.

I. Overload. LESSEE shall not overload any floor, or place loads upon any floor, wall, or ceiling of any building or other structure situated at, upon, or within the Premises that may endanger such building or other structure.

J. Obstruction. LESSEE shall not obstruct any sidewalk, walkway, or passageway in front of, within, or adjacent to the Premises.

K. Effect on insurance. LESSEE shall not act or permit the doing of any act or thing upon the Premises that will either increase the premium rate of, be contrary to, or invalidate any fire, casualty, and/or liability insurance policies either required herein or carried by STATE, if any, covering the Premises, together with any and all buildings and other structures and improvements situated thereon. LESSEE shall, in connection herewith, obey, observe, and adhere to: (1) any and all present and future laws, statutes, orders, decisions, rules, and regulations of the State of Hawaii; (2) any and all present and future rules and regulations of STATE and the Airport; (3) any other governmental authority; and (4) any and all present and future requirements and directions of fire and other underwriters on applicable insurance policies of STATE and LESSEE, which may pertain or apply to the Premises and LESSEE's use of and operation upon the Premises and Airport.

L. Vending machines. LESSEE shall not install, maintain, operate, or permit the installation, maintenance, or operation of any currency, coin, token, or credit card-operated vending machine or device, other than those used in LESSEE's business operation under Article III. (Use of Premises), for the purpose of vending or providing any product (including food and beverage items) or service (for the purpose hereof, amusement or entertainment shall be deemed a service) upon any portion of the Premises or the Airport without the prior written approval of STATE. Vending machines include, but are not limited to, newspaper racks, pay telephones, and other currency, coin, or token operated devices.

M. Promotional medium restriction. LESSEE shall not use any advertising or promotional medium that may be seen, heard, or otherwise experienced outside the Premises (such as searchlights, barkers, or loudspeakers).

N. Distribution of handbills. LESSEE shall not distribute handbills or promotional circulars to patrons of the Airport, or engage in any other advertising at, upon, or within the Airport (except as may be specifically permitted under this Lease).

O. Recruitment. LESSEE shall not engage in any activity outside the Premises for the recruitment or solicitation of business.

P. Injury to reputation. LESSEE shall not act or permit acts to be done that will injure the reputation of STATE, the Airport, or the appearance of the Airport. LESSEE shall not, without the prior written consent of STATE, reference STATE or the Airport for any purpose other than the address of the business to be conducted by LESSEE at, in, on, or over the Premises, nor shall LESSEE do or permit anything in connection with LESSEE's business or advertising which in the judgment of STATE may reflect unfavorably on STATE or the Airport, or confuse or mislead the public as to the relationship between STATE and LESSEE.

ARTICLE X. SIGNS

A. STATE's Approval. LESSEE shall not erect, construct, install, or place any signs or displays upon any part or portion of the Airport, except at, in, or upon the Premises, unless otherwise first approved in writing by STATE.

1. LESSEE's cost. LESSEE shall have the right to erect, construct, install, place, maintain, and operate at, in, or upon the Premises, at LESSEE's sole cost and expense, signs containing LESSEE's name and its business.

2. Conformity. Signs shall be substantially uniform in size, type, and location with those of other businesses and tenants at the Airport, and conform to STATE's Signage and Graphics Manual. The number, general type, size, design, and location of such signs shall be subject to the prior written approval of STATE. The location and placement of approved signs by LESSEE are subject to change as deemed necessary by STATE. LESSEE shall, at its sole cost and expense, promptly remove, move, or relocate a sign upon receipt of a notice to do so by STATE.

3. Submit drawings. Prior to the erection, construction, or placing of any such signs or displays, LESSEE shall submit to STATE, for STATE's review and approval in writing, drawings, sketches, design dimensions, type, and character of the proposed sign(s) or display(s). Any conditions (including a requirement that such sign(s) or display(s) be multilingual), restrictions, or limitations imposed by STATE, as part of STATE's written approval, shall become conditions on the use of such sign(s) and display(s) as if specifically set forth at length herein.

B. Removal of signs. Upon the expiration or the sooner termination of this Lease, LESSEE, if requested by STATE, shall: (1) remove, obliterate, or paint out any and all signs, posters, and similar devices, and any and all displays installed, placed, or affixed by LESSEE at, in, or upon the Premises; and (2) restore any and all wall or surface areas to which signs, posters, and similar devices, and any and all displays which may have been attached or affixed, all to the satisfaction of STATE. If LESSEE fails to so remove, obliterate, or paint out each and every sign, poster, piece of advertising, display, or similar device in a manner satisfactory to STATE after being so requested by STATE, STATE may perform such removal work, and LESSEE shall immediately pay to or reimburse STATE for any and all costs and expenses so incurred by STATE, upon demand from STATE.

Nothing contained in this Article X. (Signs) shall limit nor is construed to limit, the effect of the covenants and provisions of Article XIII. (Surrender of Premises) hereof.

ARTICLE XI. INGRESS AND EGRESS

A. Reasonable access. LESSEE and LESSEE's officers, employees, agents, and guests, in common with others, shall have the nonexclusive right of ingress to and egress from the Premises and such other parts or portions of the Airport area to or from which such persons shall reasonably require ingress or egress, in such manner, upon such terms, and at such locations as STATE may from time to time designate; provided, however, that the aforementioned right of ingress and egress, as it applies to the suppliers of any flammable fuel or other such products or materials, shall be subject to the prior written permission of STATE.

B. Subject to rules. The privilege of ingress and egress at the Airport shall be subject to the rules and regulations of STATE, now in effect or which may hereafter be adopted or amended, for the safe and efficient operation of the Airport.

C. Right to alter access. STATE may, at any time, temporarily or permanently, close, consent to close, or request the closing of any roadway and any other area at the Airport, presently or hereafter used as such, so long as a reasonable alternative means of ingress and egress remains available to LESSEE.

D. LESSEE's release. LESSEE hereby release and discharges STATE and STATE's successors and assigns, of and from any and all claims, demands, causes of action, liabilities, losses, damages, costs, and expenses, including attorneys' fees and other legal and/or court costs, and demands therefor, which LESSEE may now, or at any time hereafter, have against STATE and STATE's successors and assigns, arising or alleged to have arisen out of the closing of any street, roadway, sidewalk, walkway, or access area or other area, whether within or outside the Airport.

E. No rent relief. LESSEE in entering into this Lease with STATE, recognizes STATE's right and responsibility to provide convenient and efficient public access and thoroughfare and, therefore, acknowledges STATE's right to adjust, amend, alter, or otherwise revise pedestrian and vehicular traffic patterns in the best interest of the operation of the Airport as determined by STATE. LESSEE shall have no claim for any rebate or adjustment of rents or fees owed to STATE for changes that may arise as a result of STATE's adjustment or revision to pedestrian and vehicular traffic routes on the Airport.

ARTICLE XII. LIABILITY AND INDEMNITY

A. Assumption of liability. To the extent permitted by law, the use of the Airport and the Premises by LESSEE and LESSEE's officers, employees, agents, and guests, in common with others, shall be at the sole risk of LESSEE.

B. Indemnity. STATE shall not be liable for, and LESSEE shall, to the extent permitted by law, protect, defend, save, hold harmless and indemnify the STATE, STATE's directors, officers, agents, elected officials, boards (including the Land Board), employees, any person acting for or on behalf of STATE, of STATE, and STATE's successors and assigns from and against any and all claims, demands, suits, actions, causes of action, judgments, liabilities, losses, damages, costs and expenses (including without limitation, costs of suit and fees directly related thereto and reasonable attorney's fees) claimed by anyone by reason of actual or alleged injury to or death of persons, including, but not limited to, actual or alleged work-related injuries or death suffered by employees of the LESSEE, or actual or alleged damage to or destruction of property, including, but not limited to, property of the LESSEE, sustained in, on, over, under, or about the Premises or the Airport, as a result of or related to the LESSEE's use and occupancy of the Premises, use of existing fuel tanks or improvements installed by LESSEE, or use of any other portions of the Airport or any act or omission of the LESSEE or the LESSEE's agents, officers, employees and guests.

This provision shall not be construed to be a limitation of any other indemnity by the LESSEE as may be contained in Article XIV.B.6. (LESSEE's Indemnification), Article XIV.C.13. (Release and Indemnity), Article XXVII. (Litigation), or anywhere else within the Lease.

C. LESSEE's release. To the extent permitted by law, LESSEE does hereby release, without limitation, STATE and STATE's directors, officers, elected officials, boards (including the Land Board), employees, agents, any person acting for or on behalf of STATE, and STATE's successors and assigns, from any and all actions, causes of action, claims, damages, demands, judgments, liabilities, losses, lawsuits, costs, and expenses, including attorneys' fees and other legal and/or court costs, and demands therefor, that may arise during the term of this Lease from damage to or destruction of LESSEE's property that is not the result of, or caused by the sole negligence of STATE or STATE's directors, officers, elected officials, boards (including the Land Board), employees, agents, any person acting for or on behalf of STATE, and STATE's successors and assigns.

ARTICLE XIII. SURRENDER OF PREMISES

A. In General. LESSEE shall yield and deliver peaceably to STATE possession of the Premises on the date of the expiration or sooner termination of this Lease, promptly and in the same condition as at the commencement of this Lease, or in the case of any and all Leasehold Improvements during the term, as at the time of the installation or construction of such Leasehold Improvements, excepting reasonable wear arising from the use of the Premises to the extent permitted elsewhere in this Lease, and damage resulting from causes over which LESSEE had no control. The Premises shall be clean and clear of any and all trash, debris, abandoned items, trade fixtures, equipment, appliances, furniture, junk and other similar and like items. All gates, doors and locks shall be secured, and the keys turned in to STATE.

LESSEE shall have the right at any time during this Lease to remove, and if so directed by STATE shall remove from the Premises, on or before the expiration or sooner termination of this Lease, all of LESSEE's Personal Property, any Improvements deemed by STATE to be non-conforming or unauthorized, such removal to be completed in such a manner as to cause no damage to the Premises or to the Airport, and in the event of any such damage, LESSEE agrees, at its sole cost and expense, to repair the same.

LESSEE shall remove all its Personal Property, including but not limited to facilities for waste oil or other substances, and hazardous and toxic materials, on and below ground, within thirty (30) days after the expiration or sooner termination of this Lease and as further described in Article XIV.C. (Environmental Compliance-LESSEE's Duties) hereof. If LESSEE fails or neglects to so properly remove, STATE, at its sole option in any combination or selection, may either: (1) remove and dispose of the same and charge the cost of such removal and disposal to LESSEE, which cost LESSEE hereby agrees to pay; (2) consider the same to be abandoned and take title thereto; or (3) give LESSEE additional time as may be needed under the circumstances, not to exceed thirty (30) days, and charge LESSEE the proportionate rental fee, based upon the then current rental values at the Airport for the thirty (30)-day period, which rental fee the LESSEE hereby agrees to pay.

B. Hold Over. In the event LESSEE shall, with the consent of STATE and the Land Board, if required, hold over and remain in possession of the Premises after the expiration or sooner termination of this Lease, such holding over shall not be deemed a renewal or extension of this Lease, but shall only create a tenancy from month to month on the same terms, conditions, and covenants in effect immediately prior to the commencement of such holding over, including LESSEE's payment of the rentals and fees existing immediately prior to the holding over, except that: (1) payment shall be due and payable in advance on the first day of each month, and revenue reports shall be due in the same manner as prescribed in Article V.F. (Business Records) hereof except that such reports shall be submitted the 20th day of each month rather than every three months, following the expiration or sooner termination of this Lease; and (2) STATE may, upon thirty (30)-day advance written notice, after the hold over commences, amend and/or increase the rentals and fees payable by LESSEE to the comparable charges at, in, or on the Airport at that time.

C. Environmental Compliance prior to LESSEE's surrender. LESSEE shall observe, comply with, and completely satisfy all of the environmental/Hazardous Substances requirements prescribed and set forth in Article XIV.C. (Environmental Compliance – LESSEE's Duties) hereof, prior to returning the Premises to the control and jurisdiction of STATE.

ARTICLE XIV. COMPLIANCE WITH LAWS

A. In General. LESSEE and LESSEE's officers, employees, agents, and guests shall, at all times during and throughout the term of this Lease, and with respect to all phases of its performance under this Lease, fully and completely observe, comply with, and satisfy all applicable laws, statutes, codes, ordinances, orders, rules, and regulations of all governmental authorities, including, without limitation, the United States of America, the State, and the County, and any political subdivision, or agency, authority, or commission thereof, which may have jurisdiction to pass laws, statutes, codes, or ordinances, or make and enforce orders, rules, and regulations with respect to: (1) the Premises and the Airport; (2) all phases of LESSEE's conduct of its aviation activities; (3) LESSEE's maintenance and repair of the Premises; and (4) LESSEE's performance under this Lease.

LESSEE shall also: (1) obtain and keep current all licenses and permits required by any governmental authority (whether federal, state, municipal, or county) for the conduct of LESSEE's aviation activities at, in, on, or over the Premises and at the Airport; and (2) promptly pay when due, any and all required rentals and other fees and charges.

Notwithstanding the foregoing covenants, provisions, and requirements, LESSEE shall have the right, in its own name, to contest, in good faith, the validity or applicability of any law, statute, code, ordinance, order, decree, rule, or regulation of any governmental body or agency pertaining to the Premises, and LESSEE's conduct of its aviation activities thereon. The fact that LESSEE may, in connection with such contest, refrain from complying with such law, statute, code, ordinance, order, decree, rule, or regulation, shall not affect in any way LESSEE's obligation to: (1) refrain from subjecting any part or portion of the Premises to forfeiture or loss; and (2) pay the required rentals and other fees and charges prescribed and set forth in Article V. (Rental) hereof.

B. Compliance with Americans with Disabilities Act.

1. LESSEE's warranty. LESSEE agrees that it shall conduct its business operation, and occupy or use the Premises in accordance with: (a) the ADA, including, without limitation, modifying LESSEE's policies, practices, and procedures, and providing auxiliary aids and services to disabled persons; and (b) the ADAAG.

2. Accessible services. LESSEE acknowledges that, pursuant to the ADA, programs, services, and other activities provided by a public entity, whether directly or through a contractor, must be accessible to the disabled public. LESSEE shall provide the services or conduct its business operations as specified in this Lease in a manner that complies with the ADA, and any and all other applicable Federal, State, and local disability rights legislation. LESSEE agrees not to discriminate against disabled persons in the provision of services, benefits, or activities provided under this Lease, and LESSEE further agrees that any

violation of this prohibition on the part of LESSEE, and LESSEE's officers, employees, agents, guests, successors, and assigns shall constitute a material breach of this Lease.

3. ADA audit. LESSEE shall conduct and complete, at LESSEE's sole cost and expense, an audit as required under the ADA identifying and describing the architectural barriers to disabled access which must or should be removed, which audit shall be subject to STATE's review and approval. LESSEE agrees to remove, at LESSEE's sole cost and expense, all such barriers identified and described in the audit approved by STATE.

4. LESSEE's alterations. With respect to all work required to be performed by LESSEE in preparing the Premises for LESSEE's occupancy and use, including, without limitation, the construction, installation, renovation and/or refurbishment of any and all Leasehold Improvements in, on, over, or under the Premises, LESSEE agrees to complete such work in full compliance with the ADA and ADAAG. Upon STATE's request, LESSEE shall provide STATE with evidence reasonably satisfactory to STATE that all such work by LESSEE was completed in compliance with the ADA and ADAAG. LESSEE further agrees that any and all such future alterations, renovations, and/or improvements made by LESSEE to the Premises shall comply with the ADA and ADAAG.

5. Notice. STATE and LESSEE agree to promptly give written notice to the other (not to exceed three (3) consecutive, calendar days), of any and all notices which STATE or LESSEE receives alleging ADA violations.

6. LESSEE's indemnification. LESSEE shall indemnify, defend, keep, save, and hold STATE and STATE's directors, officers, elected officials, boards (including the Land Board), employees, agents, any person acting for or on behalf of STATE, and STATE's successors and assigns, harmless from and against any and all actions, causes of action, claims, demands, lawsuits, judgments, liabilities, losses, damages, costs, and expenses, including any and all attorneys' fees and demands therefor, resulting or arising from LESSEE's failure to observe, comply with, and completely satisfy LESSEE's obligations hereunder with respect to the ADA.

This provision shall not be construed to be a limitation of any other indemnity by the LESSEE as may be contained in Article XII.B. (Indemnity), Article XIV.C.13. (Release and Indemnity), Article XXVII. (Litigation), or anywhere else within this Lease.

C. Environmental Compliance – LESSEE's Duties

1. Compliance with Environmental Laws. LESSEE agrees, at its sole cost and expense, to comply with all environmental laws applicable to its occupancy, activities, operations, and use of the property that is the subject of this Lease. This duty shall survive the expiration or termination of this Lease, which means that LESSEE's duty to comply with environmental laws shall include complying with all environmental laws that may apply, or be

determined to apply, to the occupancy and activities of LESSEE on the Premises after the expiration or termination of this Lease. Failure of the LESSEE to comply with any environmental laws shall constitute a violation of this Lease and gives the STATE the right to assess a penalty and/or terminate this Lease pursuant to Article V.D. (Additional Charges) and Article XIX. (Termination by STATE) and take any other action at law or in equity it deems appropriate.

2. Hazardous Substances. LESSEE shall not use, store, treat, dispose, discharge, release, generate, create, or otherwise handle any Hazardous Substance, or allow the same by any of its officers, employees, agents, guests, or successors and assigns, on, in, over, under, or about the Premises without first obtaining the prior written consent of STATE, which consent may be withheld by STATE at its sole discretion, and LESSEE shall comply with all environmental laws, including giving all required notices, reporting to, and obtaining permits from all appropriate authorities, and complying with all provisions of this Lease.

3. Notice to STATE. LESSEE shall keep STATE fully informed at all times regarding all matters related to any environmental laws affecting LESSEE or the Premises. This duty shall include, but not be limited to, providing STATE with a current and complete list and accounting of all Hazardous Substances of every kind which are present on, in, over, under, or about the Premises, together with evidence that LESSEE has in effect all required and appropriate permits, licenses, registrations, approvals and other consents that may be required by any federal, state, or county authority under any authority or environmental laws. LESSEE shall provide said list and accounting at the commencement of this Lease, and shall update said list and accounting whenever Hazardous Substance not accounted for by LESSEE is present on the Premises by any means. LESSEE shall also provide immediate written notice of any investigation, enforcement action, compliance order, or order of any type, or any other legal action, initiated, issued, or any indication of an intent to do so, communicated in anyway to LESSEE by any federal, state or county authority or individual that relates in any way to any environmental law or any Hazardous Substance. This written notice to STATE shall include copies of all written communications from any federal, state or county agency or authority, including copies of all correspondence, claims, complaints, warnings, reports, technical data and any other documents received or obtained by LESSEE. At least thirty (30) days prior to termination of this Lease, or termination of the possession of the Premises by LESSEE, whichever occurs first, LESSEE shall provide STATE with written evidence satisfactory to STATE that LESSEE has fully complied with all environmental laws, including any orders issued by any governmental authority that relate to the Premises, and the results of all assessments and investigations that may be ordered by STATE pursuant to Article XIV.C.5. (Environmental Investigations and Assessments), or by any governmental agency responsible for enforcement of the environmental laws.

4. Disposal/Removal. Except the possession and handling of Hazardous Substances for which LESSEE is exempt, and those Hazardous Substances for which LESSEE has obtained all currently required permits to store or use certain Hazardous Substances

on or about the Premises, including written permission from STATE, LESSEE shall cause any Hazardous Substances to be removed and transported from the Premises for disposal solely by duly licensed Hazardous Substances transporters to duly licensed facilities for final disposal, as required by all applicable environmental laws. LESSEE shall provide STATE with copies of documentary proof including manifests, receipts or bills of lading, which reflect that said Hazardous Substances have been properly removed and disposed of in accordance with all environmental laws.

5. Environmental Investigations and Assessments. LESSEE, at its sole cost and expense, shall cause to be conducted such investigations and assessments of the Premises to determine the presence of any Hazardous Substance on, in, or under the Premises as may be directed from time to time by STATE, in its sole discretion, or by any federal, state or county agency or authority. The extent and number of any environmental investigations and assessments, including all testing and analyses incident thereto, shall be determined by STATE or the federal, state or county agency or authority directing said investigations and assessments to be conducted. LESSEE shall retain a competent, certified and qualified person or entity that is satisfactory to STATE or government authority, as the case may be, to conduct said investigations, assessments, testing and analyses incident thereto. LESSEE shall direct said person or entity conducting those assessments, investigations, tests and analyses to provide STATE or governmental authority, if so requested, with testable portions of all samples of any soils, water, ground water or other material that may be obtained for testing and provide to STATE and government authority with the written results of all assessments, investigations, tests and analyses on said samples upon completion of said testing.

In any event, LESSEE shall be required to have environmental assessments conducted as aforesaid prior to, or at the time of, LESSEE taking possession of the Premises and prior to, or at the time of, the termination of this Lease in order to determine the condition of the Premises. STATE may, at its sole discretion, waive this requirement, provided, however, that any such waiver shall be in writing.

6. Remediation. In the event that any Hazardous Substance is used, stored, treated, disposed on the Premises, handled, discharged, released, or determined to be present on the Premises, LESSEE shall, at its sole expense and cost, remediate the Premises of any Hazardous Substance, and dispose/remove said Hazardous Substance in accordance with Article XIV.C.4. (Disposal/Removal). This duty to remediate includes strict compliance with all environmental laws, as well as any directives by STATE to LESSEE to remediate Hazardous Substance. This duty to remediate shall include replacement of any materials, such as soils, so removed with material that is satisfactory to STATE and governmental authority, as the case may be. If LESSEE conducted an initial baseline site assessment of the Premises which includes soil and ground water analyses for Hazardous Substances at the commencement of this Lease or LESSEE's occupancy, whichever shall have first occurred, to the satisfaction of STATE, and established a Hazardous Substances Baseline, LESSEE shall be responsible for remediation and restoration of the Premises to the extent it is necessary to remediate and restore the Premises to

the condition of the Premises and levels of any contamination or Hazardous Substances that existed on the Premises at the commencement of the LESSEE's occupancy or term of this Lease, which ever shall have first occurred, as shown by said initial Baseline Environmental Site Assessment.

7. Reserved.

8. Reserved.

9. No waiver; LESSEE's liability and obligation and duty to perform.

The conduct, preparation, and delivery of any environmental site assessment report shall not waive or diminish LESSEE's liability, obligation, and duty to perform, at LESSEE's sole cost and expense, any and all environmental clean-up, decontamination, detoxification, remediation, or removal work due to the escape, disposal, discharge, spillage, release of Hazardous Substances caused or permitted by LESSEE during the conduct or preparation of such reports or the conduct of LESSEE's business operation at, in, on, or over the Premises at the Airport up to the day of expiration or sooner termination of this Lease.

10. Restoration and Surrender of Premises. LESSEE hereby agrees to timely surrender the Premises upon termination of this Lease and, prior thereto, shall restore the Premises, including the soil, water, ground water and structures at, in, on, under, or about the Premises to the same condition as the Premises existed at the commencement of this Lease, as determined by STATE, reasonable wear and tear excepted. Said surrender and restoration shall be at the sole cost and expense of LESSEE. This duty to restore the Premises includes remediation as described in the previous Article XIV.C.6. (Remediation). This duty also includes, but is not limited to, the removal of all pipes, pipelines, tanks and containers of any kind that LESSEE has installed or erected on the Premises. In the event LESSEE does not timely restore the Premises to a satisfactory condition, as determined by STATE, LESSEE understands and agrees that STATE may exercise its rights under Article XIV.C.12. (STATE's Right to Act) and until such time as the restoration is complete to the satisfaction of STATE, LESSEE shall be liable for lease rent in the same manner and amount as if this Lease had continued in effect during the period of restoration, as well as any other damages and costs that STATE may have incurred, including penalties, fines and assessments related to the Premises which may be imposed on STATE or LESSEE by any governmental authority.

11. Tanks, Pipelines; Inspections and Repairs. Unless STATE specifically agrees in writing, the Facility must be installed above ground level in such manner that allows for periodic inspection and maintenance of the Facility for purposes of determining the existence of leaks and discharges from, and deterioration of any kind to, and that allows repair of, the Facility. LESSEE shall provide STATE with prior notice of LESSEE's intent to install a Facility to allow STATE ample time, as determined by STATE, to inspect the plans for installation of such a Facility. Said Facility shall not be installed unless and until the Facility, and its manner of installation, is approved by STATE. Within ninety (90) calendar days of the

commencement of this Lease, or commencement of possession of the Premises by LESSEE, whichever first occurs, LESSEE shall submit a contingency plan to control and remedy any spill, discharge or leak from any Facility on the Premises during the term of this Lease, which plan shall include the cleanup of all Hazardous Substances that may be spilled, discharged or leaked, to the satisfaction of STATE. LESSEE shall also submit to STATE a plan for LESSEE to conduct, or have conducted, regular inspections of the Facility on or about the Premises for the purpose of prevention of any leak, discharge or spill from said Facility. Said contingency plan and inspection plan are subject to the approval of STATE. LESSEE shall timely obtain and maintain in effect all required permits, licenses and approvals for such Facility from any governmental authority. Failure to submit said plans, to comply with said plans, or obtain and maintain any required permits, licenses or approvals constitutes a breach of this Lease, giving STATE the right to immediately terminate this Lease, take possession of the Premises, and pursue any other remedy available to STATE.

12. STATE's Right to Act. In the event LESSEE fails for any reason to comply with any of its duties under this Lease or under any environmental laws within the time set for doing so, or within a reasonable time as determined by STATE, STATE shall have the right, but not the obligation, in its sole discretion, to perform those duties, or cause them to be performed. LESSEE hereby grants access to the Premises at all reasonable hours to STATE, its agents and anyone designated by STATE, in order to perform said acts and duties. Any cost, expense or liability of any type that may be incurred by STATE in performing said acts or duties shall be the sole responsibility of LESSEE, and LESSEE hereby agrees to pay for those costs and expenses, and indemnify STATE, its directors, officers, elected officials, boards (including the Land Board), employees, agents, any person acting for or on behalf of STATE, and STATE's successors and assigns, for any liability incurred. This obligation shall extend to any costs and expenses incident to enforcement of STATE's right to act, including litigation costs, attorneys fees and the costs and fees for collection of said cost, expense or liability.

13. Release and Indemnity. To the extent permitted by law, LESSEE hereby agrees to release STATE, its directors, officers, employees, agents, elected officials, boards (including the Land Board), any person acting for or on behalf of STATE, and its successors and assigns from liability of any kind, including, but not limited to, any liability for alleged or actual damages, penalties, fines, judgments or assessments that may be imposed or obtained by any person, agency or governmental authority against LESSEE or STATE by reason of any Hazardous Substance that may be present by whatever means on, in, over, under, about, or emanating from, the Premises. To the extent permitted by law, LESSEE hereby agrees to indemnify, defend with counsel acceptable to STATE, insure, and hold harmless STATE, its directors, officers, employees, agents, elected officials, boards (including the Land Board), any person acting for or on behalf of STATE, and its successors and assigns, from any liability that may arise in connection with, or by reason of, any alleged or actual occurrence involving any Hazardous Substance that may be connected to, or related in any way with, the LESSEE's operations, the Premises, STATE's ownership of the Premises, or this Lease, including the presence or alleged presence of any Hazardous Substance in, on, over, under, about, or emanating

from, the Premises. The parties understand and agree that the intent of this indemnification agreement includes, but is not limited by, those agreements authorized by 42 U.S.C. Section 9607(e) (1), as amended, and any successor section thereof.

LESSEE further agrees to indemnify STATE from any fines or penalties, assessed pursuant to any federal or state laws or regulations against STATE as an owner or operator of a facility or of the premises, for LESSEE's failure to have, maintain, or comply with any permit or plans due to LESSEE's storage of oil or petroleum, including the Spill Prevention Control and Countermeasure Plan or a Facility Response Plan, if required under 40 CFR Part 112, the Clean Water Act, or any other federal or state laws or regulations.

This indemnity provision shall not be construed to be a limitation of any other indemnity, by the LESSEE as may be contained in Article XII.B. (Indemnity), Article XIV.B.6. (LESSEE's Indemnification), Article XXVII. (Litigation), or anywhere else within this Lease.

14. Spill Prevention, Control and Countermeasure. In accordance with the Federal Water Pollution Control Act, also known as the Clean Water Act, 33 U.S.C. Section 1251, et seq.; and 40 CFR, Part 112 often referred to as the Spill Prevention, Control and Countermeasure (hereafter "SPCC") Plan regulation, LESSEE agrees at its sole expense and cost to comply with and completely satisfy SPCC rules now or hereafter adopted, amended, or published, throughout the entire term of this Lease. If LESSEE stores oil, or petroleum products or by-products in any quantity of less than 1,320 gallons, but has in or on the Premises, at least one or more storage containers or tanks equal to or larger than 55 gallons capacity, LESSEE is required to prepare and implement a written plan which conforms to the SPCC Plan requirements under the portion of the SPCC rules dealing with periodic testing of oil storage containers, providing secondary containment, training of oil handling personnel to prevent the discharge of oil, providing security around oil storage facilities, and maintaining all records pertaining to such matters.

15. National Pollutant Discharge Elimination System. In accordance with the Federal Water Pollution Control Act, also known as the Clean Water Act, 33 U.S.C. Section 1251, et seq.; and the requirements contained in the National Pollutant Discharge Elimination System (hereafter "NPDES") regulations found in the Hawaii Administrative Rules Chapter 11-55 and the Appendices thereto, as amended, LESSEE shall obtain a Notice of General Permit Coverage by applying for general permit coverage and shall comply with and completely satisfy all of the NPDES regulations governing general permits and consolidated permits, if applicable, now or hereafter adopted, amended or published throughout the entire term of the Lease.

16. Burden of Proof. In all instances in this Article XIV.C. (Environmental Compliance – LESSEE's Duties), LESSEE accepts the burden of establishing that it is not responsible for the existence of Hazardous Substances in the Premises. If LESSEE

cannot establish that it is not responsible for the existence of Hazardous Substances in the Premises, LESSEE shall be deemed responsible for the existence of the Hazardous Substances.

D. Airport Security. In addition to the Airport security requirements prescribed in Article VI.B.6. (Compliance with STATE's Design Standards), Article VI.F.8. (STATE's Security Fence), and Article IX.E. (Security), LESSEE shall observe, comply with, and completely satisfy all of the security requirements for the Airport, and any and all applicable security access procedures, rules, and/or regulations prescribed by STATE and/or the TSA. LESSEE accepts liability and responsibility for failing to prohibit unauthorized persons and vehicles from entering any restricted operations area of the Airport through the Premises.

1. Security agreements. LESSEE shall enter into security agreements with STATE that may be required by the TSA or other Federal Agency for Airport security purposes, and said agreements shall become part of this Lease, and the agreements, covenants, promises, provisions, requirements, terms, and conditions contained herein, although executed separately.

2. LESSEE to maintain security. LESSEE shall also maintain security in such a manner that unauthorized persons shall not have access to any secure or restricted airport operations area through any part(s) or portion(s) of the Premises. Agents, guests, or any other party acting with the permission or consent of LESSEE, shall be under the control, supervision, or guidance of LESSEE when entering any secure or restricted airport operations area. LESSEE shall enter into any separate supplemental agreement required by STATE or the TSA that covers Airport security requirements to ensure the protection of the Airport.

3. Failure to prevent violations. LESSEE accepts liability and responsibility for: (a) LESSEE's failure to observe, comply with, and/or completely satisfy any and all Airport security requirements and applicable security access procedures, rules, or regulations prescribed by STATE and/or the TSA; (b) LESSEE's failure to prohibit unauthorized persons and vehicles from entering the Airport's restricted airport operations area through any part(s) or portion(s) of the Premises; and (c) any and all reimbursements to STATE wherein STATE has made direct payments to any citing authority of any fines or penalties for any and all Airport security violations by LESSEE and LESSEE's officers, employees, agents, and/or guests. Failure on the part of LESSEE to observe, comply with, and completely satisfy this security requirement shall give STATE cause to assess a penalty and/or terminate this Lease pursuant to Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, hereof.

E. Airport Fire. LESSEE shall observe, comply with, and completely satisfy all County, State, and Federal fire codes, and shall be solely responsible for and pay any fines or penalties levied for any and all fire code violations. LESSEE shall also, at its sole cost and expense, provide and install connections and hook-ups to the Airport alarm system, when

STATE establishes such a system. STATE's alarm system shall serve as a secondary fire alarm monitoring and indication system. LESSEE, and LESSEE's officers, employees, agents, representatives, and sublessees, are solely responsible for the primary notification and alarm to the appropriate Fire Department Station in case of fire on the Premises.

ARTICLE XV. RULES AND REGULATIONS

LESSEE shall observe and obey all rules and regulations, which may from time to time during the Lease term hereof be reasonably prescribed by STATE for conduct and operations of LESSEE at, or on the Airport. LESSEE acknowledges that it is familiar with the rules and regulations of STATE presently in effect at the Airport.

ARTICLE XVI. RIGHTS OF ENTRY RESERVED

A. Inspection. STATE, its directors, officers, employees, agents, elected officials, contractors, or any person acting for or on behalf of STATE shall have the right at all reasonable times to enter upon the Premises for the purpose of inspecting the same, for observing the performance by LESSEE of its obligations under this Lease and to service or post or keep posted notices provided by any law, statute, rule or regulations of the State which STATE deems to be for the protection of STATE or the Premises, and for any act which STATE may be obligated to have the right to do under this Lease or otherwise.

B. Maintain Systems. STATE, and its officers, employees, agents, representatives and contractors and furnishers of utilities and other services, shall have the right on its own behalf, or for the benefit of LESSEE or others at the Airport, to maintain existing and future utility, mechanical, electrical, and other systems and to enter upon said Premises at all reasonable times to make such repairs, replacements or alterations as may, in the opinion of the STATE, be necessary or desirable and, from time to time, to construct or install over, in, on, about, or under the Premises, new systems or parts thereof, and to use the Premises for access to other parts of the airport not otherwise conveniently accessible; said work shall in no event unreasonably disrupt or interfere with the operations of LESSEE.

C. No Obligation to Construct or Repair. Nothing in this Article XVI. (Rights-of-Entry Reserved) herein, shall impose or shall be construed to impose upon STATE any obligation to construct or maintain, or to make repairs, replacements, additions, or alterations to the Premises, nor shall STATE's entry upon the Premises, or any part(s) or portion(s) thereof, create any liability for any failure to do so.

D. Showing the Premises. At any time, and from time to time, during ordinary business hours, STATE, its officers, employees, agents, and invitees, or any person acting for or on behalf of STATE, whether or not accompanied by interested parties, shall have

the right to enter upon the Premises, or any portion thereof, for the purposes of exhibiting and viewing all parts of the same, provided STATE does not unreasonably interfere with the operations of the LESSEE.

E. No Abatement. No abatement of the required rentals and other fees and charges payable to STATE shall be claimed by or allowed to LESSEE by reason of the exercise by STATE of any or all of the rights contained in this Article XVI. (Rights-of-Entry Reserved); provided, however, that other than for emergency purposes, nothing contained in this Article XVI. (Rights-of-Entry Reserved) shall permit or be construed to permit STATE to exercise any right of access or entry for any of the purposes denoted in this Article XVI. (Rights-of-Entry Reserved), except at reasonable times and in such a manner as to not unreasonably interfere with, or hinder the LESSEE's occupancy, use, and/or enjoyment of the Premises.

ARTICLE XVII. UTILITY SERVICES

A. Utility Services to Premises. LESSEE shall be responsible for all necessary excavation for, and the construction, installation, operation, and maintenance of, all mains, pipes, conduits, cables, wiring, and other equipment required to provide utility services in a manner adequate to supply LESSEE's needs therefore, and LESSEE shall have the right and duty to make connection for such utility services from the sources provided or identified by STATE and utility companies.

B. Utility Costs. During and throughout the term of this Lease, LESSEE shall be solely responsible for the payment of all costs related to providing electricity, potable water, sanitary sewage disposal, telephone services, and other public or nonpublic utility services to the Premises, which utility service costs shall include, but not be limited to: meter and utility service deposits, installation fees, and any and all utility service fees and charges, regardless of whether or not such utility services are provided by STATE or by utility service corporations. LESSEE, where applicable, shall pay directly to the utility company or companies or other supplier(s), all charges for such utility service or services.

C. No Liability for Interruption of Utility Services.

1. LESSEE not relieved. No failure, delay, or interruption in any utility service or services, whether or not such services are supplied by STATE or others, shall relieve or be construed to relieve LESSEE of any of its obligations hereunder, or shall be construed to be an eviction of LESSEE, or shall constitute grounds for any diminution or abatement of the fees and charges provided for herein, or grounds for any claim by LESSEE against STATE for damages (consequential or otherwise), unless first approved, in writing, by STATE.

2. Waiver of damages. LESSEE hereby expressly waives any and all claims against STATE for damages arising or resulting from any failure, delay, or interruption in any utility service or services (including, without limitation, electric, gas, potable and non-potable water, plumbing, sanitary sewage disposal, telephone, telecommunications, heat, ventilation, air conditioning, etc.), or for the failure or interruption of any public or passenger conveniences. LESSEE's waiver of STATE's liability for uninterrupted utility services shall extend to any failure, delay, or interruption to electric service caused by power spikes or surges, severe climatic, or weather conditions, including, but not limited to, high winds, rainstorms, hurricanes, and other climatic or weather phenomena, and/or other acts of nature, such as earthquakes and seismic waves (tsunami) affecting the Premises and equipment operated and/or maintained by LESSEE.

3. Damage repair. If any damage to any electricity, water, sewer, telephone, or telecommunication service line or facility, or any other utility service line or utility service connection is caused by LESSEE, and/or LESSEE's officers, employees, agents, and/or guests, LESSEE shall, at its sole cost and expense, be responsible for the repair, restoration, and/or replacement of such utility service line or utility service connection.

ARTICLE XVIII. INSURANCE

A. In General.

1. LESSEE's Cost. Prior to the commencement of this Lease, LESSEE shall procure, at its sole cost and expense, and keep in effect at all times during the term of this Lease, the types and minimum amounts of insurance coverage specified herein.

2. No Limitation. LESSEE's procurement and maintenance of insurance, or the delivery of Certified Copies of policies, or the delivery of Certificates of Insurance or other written evidence of insurance in form and substance acceptable to STATE, shall not be construed as a limitation of any kind on LESSEE's obligations to indemnify, defend, insure, and hold harmless, as may be found under Article XII.B. (Indemnity), Article XIV.B.6. (LESSEE's Indemnification), Article XIV.C.13. (Release and Indemnity), Article XXVII. (Litigation), or anywhere else within this Lease.

3. Form of Policies.

a. Form and substance. All insurance required to be furnished by LESSEE hereunder shall be pursuant to policies in form and substance satisfactory to STATE, and issued by companies in good standing with the Insurance Division of the Department of Commerce and Consumer Affairs, of sound and adequate Financial Strength Rating and Financial Size Category, licensed and authorized to transact insurance business in the State of Hawaii on an admitted or non-admitted basis, all to the satisfaction of STATE. STATE may,

upon reasonable notice and reasonable grounds, increase or change the insurance required hereunder, in which event LESSEE shall comply with the increases or changes within thirty (30) days of written notice of said increases or changes.

b. Required provision. All insurance policies, shall:

(1) Additional Insured. Name STATE, STATE's directors, officers, agents, elected officials, boards (including the Land Board), employees, any person acting for or on behalf of STATE, and STATE's successors and assigns, as Additional Insured, except with respect to Workers' Compensation and Employers' Liability.

(2) Severability of interest. Apply separately to each insured against whom claim is made or suit is brought, except with respect to the Limits of Insurance.

(3) Waiver of subrogation. Contain a waiver of subrogation endorsement in favor of STATE, STATE's directors, officers, agents, elected officials, boards (including the Land Board), employees, any person acting for or on behalf of STATE, and its successors and assigns.

(4) Notification. Provide that STATE shall be notified, in writing, at least sixty (60) calendar days prior to any cancellation, material change, or non-renewal of, any such insurance policy.

c. All insurance. All insurance shall:

(1) Primary. Be primary, not in excess of or pro rata, and non-contributing as to and with any other insurance held or maintained by STATE.

(2) No premiums. Not require STATE to pay any premiums.

(3) No partnership. The inclusion of STATE, STATE's directors, officers, employees, agents, elected officials, boards (including the Land Board), any person acting for or on behalf of STATE, or STATE's successors and assigns, as Additional Insured, is not intended to, and shall not make them or any of them, a partner or joint venture with LESSEE in the operation of LESSEE's fueling facilities at, in, over, under, or about the Premises and LESSEE's conduct of its business operation, including related functions performed by or on behalf of LESSEE at the Airport.

(4) Deductibles. Any insurance required hereunder may provide for deductibles or self-insured retentions, which are reasonable and prudent in relation to the soundness of LESSEE's financial condition, at the sole discretion of STATE.

(5) Failure to obtain. Any lapse in, or failure by LESSEE to procure, maintain, and keep in full force and effect such insurance, as is required under this Lease, at any time during and throughout the term of this Lease, shall be a material breach of this Lease and shall give STATE the right to assess additional charges and/or terminate this Lease pursuant to Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, hereof. Should STATE or any of its insurers expend any funds which would have been or should have been covered by insurance as is required under this Lease. LESSEE agrees to assume the liability for such funds and to indemnify the hold STATE and its insurers harmless.

d. Subrogation. STATE agrees to release LESSEE from STATE's claim for loss or damage caused by fire or other casualty covered by property insurance policies, to the extent of any payment received by STATE from the insurers. This release includes also a waiver of subrogation by STATE's insurer of any right of action against LESSEE in the event of such loss or damage and payment therefor to STATE. Said waiver of subrogation is conditional upon acceptance of such waiver by STATE's insurers affected thereby. Evidence of such waiver shall be in writing.

e. Proof of insurance. LESSEE shall provide proof of all specified insurance and related requirements to STATE, by delivering Certified Copies of the policies, or Certificates of Insurance in form and substance acceptable to STATE, or by other written evidence of insurance acceptable to STATE. The documents evidencing all specified types and minimum amounts of insurance coverage shall be submitted to STATE, prior to LESSEE's occupancy and use of the Premises. Each policy, Certificate of Insurance, or other written evidence of insurance shall contain the applicable policy number(s), the inclusive dates of policy coverage and the insurance carrier's name, an original signature of an authorized representative of said carrier, and shall provide that such insurance will not be subject to cancellation, material change, or non-renewal, except after written notice to STATE at least sixty (60) calendar days prior to the effective date thereof. STATE reserves the right to have submitted to it, upon request, pertinent information about the agent and carrier providing such insurance.

f. Interim review. LESSEE agrees that the types and minimum amounts of insurance coverage specified by STATE herein may be reviewed for adequacy from time to time throughout the term of this Lease by STATE who may, thereafter, upon thirty (30) days written notice require LESSEE to modify the types and minimum amounts of insurance coverage based upon the nature of LESSEE's operations and what a reasonable and prudent owner thereof would typically procure and maintain.

B. Construction. Before commencing construction of any initial or subsequent work on LESSEE's Leasehold Improvements or the construction or installation of other improvements at, in, on, over, or under the Premises, or any part(s) or portion(s) thereof, LESSEE shall require all contractors and subcontractors to procure, at no cost or expense to

STATE, and keep in effect at all times during the period of construction and installation, the types and amounts of insurance coverage specified, subject to the same general provisions contained in Article XVIII.A. (In General) above, to protect both STATE and LESSEE. LESSEE's contractors and subcontractors are subject to the same insurance requirements of LESSEE, unless otherwise specified herein. If LESSEE or LESSEE's contractors or subcontractors desires additional coverage, LESSEE and LESSEE's contractors and subcontractors are responsible for the procurement and cost of such additional coverage. STATE retains the right to modify the types and minimum amounts of insurance required of LESSEE's contractors and subcontractors, upon thirty (30) days written notice to LESSEE, based upon the nature of LESSEE's operations and what a reasonable and prudent owner thereof would typically procure and maintain.

The types and minimum amounts of insurance for LESSEE'S contractors and subcontractors are as follows:

1. Commercial General Liability ("Occurrence Form"). Minimum limits of \$1,000,000.00 Each Occurrence (Bodily Injury and Property Damage Combined) and \$2,000,000.00 General Aggregate (if applicable), covering Bodily Injury, Property Damage, and Personal/Advertising Injury (subject to a Personal/Advertising Injury Aggregate of at least \$1,000,000.00) arising out of contractor's or subcontractor's Premises, Operations, Products, and Completed Operations. The policy shall include Contractual Liability for Bodily Injury and Property Damage obligations assumed in the contract or agreement between LESSEE and LESSEE'S contractor or subcontractor, Broad Form Property Damage, coverage for explosion, collapse, and underground hazards "XCU", and Fire Damage Legal Liability (Damage To Rented Premises) of not less than \$50,000.00 Each Occurrence.

2. Automobile Liability. Hawaii No-Fault Automobile Liability insurance, covering any auto (all owned, hired, and non-owned autos), with minimum limits as follows:

- a. If operating exclusively outside of the restricted AOA of the Airport, then a Combined Single Limit not less than \$1,000,000.00 Each Accident (Bodily Injury and Property Damage Combined); or

- b. If entering and operating within the restricted AOA of the Airport at any time, then a Combined Single Limit not less than \$1,000,000.00 Each Accident (Bodily Injury and Property Damage Combined).

3. Workers' Compensation and Employers' Liability. Workers' Compensation coverage meeting the statutory requirements of the State of Hawaii and any other state in which employees are hired or work is performed, and including Employers' Liability coverage with minimum limits of \$1,000,000.00 for Each Accident, Disease-Each Employee, and Disease Policy Limit, or as otherwise required by applicable Federal and State laws.

4. Builder's Risk. LESSEE or LESSEE'S contractors shall procure property insurance written on a builder's risk "all risk" or equivalent policy form, including insurance against the perils of fire (with extended coverage) and risks of physical loss or damage including but not limited to theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, testing and startup. Coverage shall also apply to temporary buildings and debris removal, and demolition occasioned by enforcement of any applicable building codes or similar legal requirements. The amount of insurance shall be no less than the initial contract sum, plus the value of subsequent contract modifications and the cost of materials supplied or installed by others, comprising the total value for the entire project at the site on a Replacement Cost basis, including reasonable compensation for architect's, engineer's, and similar consultant's services and expenses. This property insurance shall include coverage for portions of the project when stored off site or in transit. Such property insurance shall be maintained until the project is completed or until no person or entity has an insurable interest in the property other than LESSEE and STATE, whichever is later. This insurance shall include the insurable interests of STATE, LESSEE, and LESSEE'S Contractors, Subcontractors, and Sub-subcontractors in the project, as their interest may appear. If this property insurance includes deductible provisions, LESSEE shall pay all deductibles or costs not covered because of such deductible provisions.

5. Professional Liability. When any architects, engineers, construction managers, or other professional consultants are hired by LESSEE or LESSEE's contractors or subcontractors, Professional Liability Insurance covering their errors and omissions shall be maintained with limits of at least \$1,000,000.00 Each Occurrence, and including contractual liability. If or when such policies are renewed or replaced, any policy retro date on the renewal or replacement policy must coincide with, or precede the date work started under the contract for professional services. Any claims-made policy which is not renewed or replaced must have an extended reporting period of at least two (2) years.

C. Operation. LESSEE shall, at its sole cost and expense, procure, maintain, and keep in full force and effect during and throughout the term of this Lease, the types and minimum amounts of insurance coverage specified, to protect both STATE and LESSEE, subject to the same general provisions contained in Article XVIII.A (In General) above.

1. Commercial General Liability ("Occurrence Form").

a. Landside Operations. Minimum limits of \$1,000,000.00 Each Occurrence (Bodily Injury and Property Damage Combined) and \$2,000,000.00 General Aggregate (if applicable), covering Bodily Injury, Property Damage, and Personal/Advertising Injury (subject to a Personal/Advertising Injury Aggregate of at least \$1,000,000.00) arising out of LESSEE'S Premises, Operations, Products, and Completed Operations. The policy shall include Contractual Liability for Bodily Injury and Property Damage obligations assumed in the Lease, Broad Form Property Damage, coverage for explosion, collapse, and underground hazards "XCU", and Fire Damage Legal Liability (Damage to Rented Premises) of not less than \$100,000.00 Each Occurrence.

b. Airside Operations. Minimum limits of \$2,000,000.00 Each Occurrence (Bodily Injury and Property Damage Combined) and \$5,000,000.00 General Aggregate (if applicable), covering Bodily Injury, Property Damage, and Personal/Advertising Injury (subject to a Personal/Advertising Injury Aggregate of at least \$2,000,000.00) arising out of LESSEE'S Premises, Operations, Products, and Completed Operations. The policy shall include Contractual Liability for Bodily Injury and Property Damage obligations assumed in the Lease, Broad Form Property Damage, coverage for explosion, collapse, and underground hazards "XCU", and Fire Damage Legal Liability (Damage to Rented Premises) of not less than \$100,000.00 Each Occurrence. The policy shall also include coverage for bodily injury and property damage claims directly or indirectly, occasioned by, happening through, or in consequence of pollution or contamination of LESSEE'S products, including but not limited to fuel, propellants, lubricants, and other petroleum products.

2. Workers' Compensation and Employer's Liability. Workers' Compensation coverage meeting the statutory requirements of the State of Hawaii and any other state in which employees are hired or work is performed, and including Employers' Liability coverage with minimum limits of \$1,000,000.00 for Each Accident, Disease-Each Employee, and Disease Policy Limit, or as otherwise required by applicable Federal and State laws.

4. Pollution Liability. Minimum limit of \$1,000,000 covering bodily injury, property damage (including damage to natural resources), legal expenses, and LESSEE's obligations to clean-up and/or remediate first- and third-party environmental liabilities or claims resulting from any pollution condition or conditions associated with or arising out of the LESSEE's Premises or operations. Notwithstanding any provisions contained in Article XVIII. (Insurance), including but not limited to paragraph A.3.b. (4) (Notification) and A.3.e. (Proof of Insurance), the Pollution Liability Insurance must be for a specific term during which said policy shall irrevocably remain in effect.

5. Buildings and Business Personal Property. LESSEE shall insure all buildings, structures, completed additions, including fixtures, machinery, and equipment which are a permanent part of buildings, and other Leasehold Improvements, whether owned by STATE or LESSEE, and LESSEE's Business Personal Property, including but not limited to furniture, fixtures, supplies, computers, other contents, mobile equipment (if not covered by other insurance), and Personal Property of others (other than aircraft) in LESSEE's care, custody, and control, in, on, over, under, or about the Premises, as would be procured and maintained by a reasonable and prudent owner thereof, protecting against Causes of Loss - Broad Form (or equivalent), including but not limited to the perils of fire, lightning, explosion, windstorm (including hurricane), smoke, aircraft or vehicles, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, and accidental water damage, on a replacement cost basis. STATE shall be included as a Loss Payee, as their interest may appear. Coverage shall also apply to debris removal, and demolition occasioned by enforcement of any applicable building codes or similar legal requirements.

6. Business Interruption and Extra Expense. LESSEE shall insure against loss of earnings, loss of rental value, and extra expenses LESSEE may incur to resume or continue operations as nearly as practicable following an insured property loss, protecting against Causes of Loss - Broad Form (or equivalent), including but not limited to the perils of fire, lightning, explosion, windstorm (including hurricane), smoke, aircraft or vehicles, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, and accidental water damage. The limit shall be the sum of Land Rent for one year, plus the estimated Fuel Flowage Fee for one year, plus the estimated Gross Receipts Percentage Fee for one year, but in no event less than \$75,000.00.

7. Automobile Liability. Hawaii No-Fault Automobile Liability insurance, covering any auto (all owned, hired, and non-owned autos), with minimum limits as follows:

a. If operating exclusively outside of the restricted AOA of the Airport, then a Combined Single Limit not less than \$1,000,000.00 Each Accident (Bodily Injury and Property Damage Combined); or

b. If entering and operating within the restricted AOA of the Airport at any time, then a Combined Single Limit not less than \$1,000,000.00 Each Accident (Bodily Injury and Property Damage Combined).

ARTICLE XIX. TERMINATION BY STATE

A. Events of Breach or Violation. LESSEE shall be in breach or violation of this Lease and STATE shall have the right to terminate this Lease if any one or more of the following events shall occur:

1. Transfer of Interest. When, without the prior written approval or consent of STATE, any interest of LESSEE under this Lease shall be transferred or assigned, whether voluntarily or involuntarily, by reason of assignment, sublease or otherwise, stock transfer, operation of law, or death, to any other individual, limited or general partnership, joint venture, firm, company, corporation, limited liability company, or any other entity; or,

2. Ownership Change. When the ownership of LESSEE, without the prior written approval or consent of STATE, is changed by inter vivos stock transfer to one or more individuals or entities who are not stockholders at the inception of this Lease, or if LESSEE is a partnership, whether limited or general, by the introduction of a new partner or partners, whether limited or general, who was not a partner or who were not partners at the inception of this Lease; or,

3. Partnership Dissolution. If LESSEE is a partnership of any type, and the partnership is dissolved as a result of any act or omission of its partners or any of them, or by operation of law, or the order or decree of any court having jurisdiction, or for any other reason whatsoever; or,

4. Receivership. When, by or pursuant to, or under authority of any legislative act, resolution, or rule, or any order or decree of any court or governmental board, agency, or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession of all or substantially all of the property of LESSEE, and such possession or control shall continue in effect for a period of at least fifteen (15) consecutive days, without being contested by LESSEE in good faith by proper legal proceedings within said fifteen (15) day period; or,

5. Abandonment. When LESSEE: (a) voluntarily abandons, deserts, or vacates the Premises; or (b) discontinues conduct of its business operations at, in, on, or over the Premises; or,

6. Prevented from Use. After exhausting or abandoning any right of further appeal, LESSEE shall be prevented for a period of at least ninety (90) consecutive days by the action of any governmental agency from using the Premises, regardless of the fault of LESSEE; or,

7. Suspension. The happening of any act which results in the suspension or revocation of the rights, powers, licenses, permits, or authorities necessary for LESSEE's conduct of its business operations at, in, on, or over the Premises authorized herein for a period exceeding thirty (30) consecutive days; or,

8. Successor Corporation. LESSEE becomes, without the prior written approval of STATE, a successor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or,

9. Attachment. When any attachment, judgment, lien, or encumbrance is filed against LESSEE's interest in the Premises because of any act or omission of LESSEE, and said attachment, judgment, lien, or encumbrance is not discharged or contested by LESSEE in good faith by proper legal proceedings within thirty (30) calendar days; or,

10. Failure to Pay Rent. When LESSEE fails to duly and punctually pay the rentals and other fees and charges required under this Lease, including any interest, service charges, or late fees, or to make any other payment required under this Lease when due to STATE upon the lapse of five (5) business days after LESSEE's receipt of a written notice from STATE demanding such payment or payments; or,

11. Failure to Pay Taxes. When LESSEE fails to duly and punctually make payments due to any agency of the State or any political subdivision or county of the State,

including, but not limited to, payments for any permit, license or lease, general excise taxes, workers' compensation payments, unemployment taxes, real property taxes, etc., and such payments are not made within thirty (30) calendar days after their due dates; or,

12. Failure to Perform. When LESSEE fails to keep, perform, and/or observe each and every other agreement, promise, covenant, term, or condition set forth in this Lease, on LESSEE's part to be kept, performed, and/or observed, and such failure shall continue for a period of more than thirty (30) consecutive days after LESSEE's receipt of a written notice from STATE of such breach or violation by personal service or registered mail or certified mail to LESSEE, except where fulfillment of LESSEE's obligation requires activity over a period of time, and LESSEE begins to perform whatever may be required for fulfillment within ten (10) calendar days after receipt of said written notice and continues such performance, showing improvement or correction, without interruption except for causes beyond LESSEE's control; or,

13. General Assignment. LESSEE makes a general assignment for the benefit of creditors, or files a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under any law or statute of the United States, or any law or statute of the State, or consents to the appointment of a receiver, trustee, or liquidator of all or substantially all of LESSEE's property located at, in, on, over, or under the Premises; or,

14. Lien. Any lien is filed against or affecting the Premises, or any part(s) or portion(s) thereof, because of any act or omission of LESSEE, and such lien is not removed or enjoined or a bond for satisfaction of such lien is not posted within thirty (30) calendar days.

B. Default and Termination. In the event of any breach or violation due to the occurrence of any of the events enumerated in Article XIX.A. (Events of Breach or Violation) herein, STATE may, after the giving of a written Notice of Default in accordance with Section 171-20, HRS, pursue any available remedy, legal or equitable, it may have against LESSEE.

If LESSEE fails to correct the violation(s) contained in the Notice of Default to the satisfaction of STATE, STATE may, without prejudice to any other remedy, elect to:

1. Additional Charge. Assess a charge of Two Hundred Fifty and No/100 Dollars (\$250.00) per day, as prescribed and set forth in Article V.D. (Additional Charges) hereof; and,

2. Termination Letter. Concurrent with or subsequent to the assessment of such additional charges, subject to Section 171-21, HRS, proceed to terminate this Lease by providing a written Letter of Termination and Notice to Vacate to LESSEE.

If this Lease is terminated by STATE because of default, LESSEE will not be allowed to enter into any other lease or contract offered by the State for a period of five (5) years following the date of termination, as prescribed and set forth under Section 171-13 (HRS).

C. Right of Re-entry. STATE shall have, as an additional remedy upon the giving of a written Notice of Termination and Notice to Vacate as provided in Article XIX.B. (Default and Termination) herein, the right to re-enter the Premises and every part or portion thereof, respectively, demised under this Lease upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter, or diminish any of the obligations of LESSEE under this Lease, and shall in no event constitute an acceptance of surrender.

D. LESSEE's Rights Cease. Upon such termination by STATE, all rights, powers, and privileges of LESSEE granted hereunder shall cease. Unless otherwise stated herein, LESSEE shall immediately vacate the Premises occupied and/or used by it under this Lease, and LESSEE shall have no claim of any kind whatsoever against STATE, by reason of such termination, or by reason of any act by STATE incidental or related thereto. In the event of the exercise by STATE of such option to terminate, LESSEE shall have no right to or claim upon the Leasehold Improvements or the value thereof, which may have been previously constructed, installed, erected, or placed by LESSEE at, in, on, over, or under the Premises. STATE may also remove or store any of LESSEE's Personal Property located thereon or therein, at LESSEE's sole cost and expense, without STATE being liable to LESSEE for damage or loss thereby sustained by LESSEE.

E. Waiver of Redemption and Damage. LESSEE waives, releases, and discharges any and all claims it may now or hereafter have relating to STATE's exercise of its rights under this Lease to re-enter and regain and resume possession of the Premises, and to remove LESSEE, the Leasehold Improvements, and LESSEE's Personal Property from the Premises, and store or dispose of any of LESSEE's property, including LESSEE's Personal Property.

LESSEE hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event STATE obtains or retains possession of the Premises in any lawful manner. LESSEE further agrees that in the event the manner or method employed by STATE in re-entering or regaining possession of the Premises gives rise to a cause of action in LESSEE in forcible entry and detainer under the laws of the State of Hawaii, the total amount of damages to which LESSEE shall be entitled in any such action shall be the sum of ONE AND NO/100 DOLLAR (\$1.00), and LESSEE agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

F. Survival of LESSEE's Obligations.

1. LESSEE's Obligations Remain. In the event this Lease is terminated by STATE, or in the event STATE re-enters, regains, or resumes possession of the Premises, all of the obligations of LESSEE hereunder shall survive, and shall remain in full force and effect for the full term of this Lease as if there had been no termination, re-entry, regaining, or resumption of possession.

2. Rental Remains Due. Subject to STATE's obligation to mitigate damages, the amount of the rentals and other fees and charges shall become due and payable to STATE to the same extent, at the same time, and in the same manner as if no termination, re-entry, regaining, or resumption of possession had taken place. STATE may maintain separate actions to recover any monies then due, or at its option and at any time, may sue to recover the full deficiency.

3. Subsequent to Termination. The amount of damages for the period of time subsequent to termination, re-entry, regaining, or resumption of possession by STATE, subject to an offset for any rentals and other fees and charges received by STATE during the remaining term of this Lease, as if no termination, re-entry, regaining, or resumption of possession had taken place from a succeeding operator of the Leasehold Improvements at, in, on, over, or under the Premises, and LESSEE's business operation at the Airport shall be the cumulative total of LESSEE's annual rental obligation, less the amount paid prior to the effective date of termination.

4. No effect of STATE's rights. STATE and LESSEE agree that damages specified above shall not affect or be construed to affect STATE's right to such damages in the event of termination, re-entry, regaining, or resumption of possession.

G. Additional Rights of STATE. Pursuant to Section 261-7(a), HRS, STATE may repossess the Premises when needed for aeronautical purposes. STATE, upon termination of this Lease, or upon re-entry, regaining, or resumption of possession of the Premises, may occupy the Premises and shall have the right to permit any person, firm, corporation, or entity to enter upon the Premises and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof, or a part thereof together with other space(s), and for a period of time the same as or different from the balance of the term remaining hereunder as if no termination, re-entry, regaining, or resumption of possession had taken place, and on terms and conditions the same as or different from those prescribed and set forth in this Lease. STATE shall also have the right to repair or to make such structural or other changes in and to the Premises as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Lease, without affecting, altering, or diminishing the obligations of LESSEE hereunder.

H. Termination before Commencement. If any of the events enumerated in Article XIX.A. (Events of Breach or Violation) herein shall occur prior to the commencement of the Lease term, LESSEE shall not be entitled to enter into possession of the Premises, or any part(s) or portion(s) thereof, respectively, and STATE, upon the occurrence of any such event, or at any time thereafter during the continuance thereof, by twenty-four (24) hours' notice, may cancel or terminate the interest of LESSEE under this Lease, such cancellation or termination to be effective upon the date specified in such notice.

ARTICLE XX. WAIVER

A. No Waiver by STATE. No acceptance by STATE of rentals and other fees and charges, or other payments in whole or in part, for any period or periods after a default of any of the agreements, covenants, obligations, promises, provisions, requirements, restrictions, stipulations, terms, or conditions hereof to be performed, kept, or observed by LESSEE, shall be deemed a waiver of any right on the part of STATE to terminate this Lease for any like, or other, or succeeding breach or default.

B. No Implied Waiver. No failure by either STATE or LESSEE to insist upon the strict performance of the other party under this Lease, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, term, or condition. A waiver or assent by STATE, express or implied, of any breach or default of LESSEE, in the performance of any of the agreements, covenants, obligations, promises, provisions, requirements, restrictions, stipulations, terms, or conditions of this Lease shall not be deemed or considered to be a waiver of any other or succeeding breach or default. No express written waiver of any default, or the performance of any agreement, covenant, obligation, promise, provision, requirement, restriction, stipulation, term, or condition hereof, shall affect any other default or performance, or cover any other period of time, other than default, performance, or period of time specified in such express waiver.

C. Cumulative Remedies. The rights, powers, privileges, options, and remedies of STATE contained in this Lease shall be construed to be cumulative, and no one of them shall be deemed to be exclusive of the other, or exclusive of any right, power, privilege, option, or remedy provided by law.

ARTICLE XXI. WITHDRAWAL

A. STATE's Right. STATE reserves and shall have the right, at any time during and throughout the term of this Lease, in its sole discretion, and regardless of whether or not LESSEE has breached this Lease or has been or then is in default: (1) to withdraw all or any portion of the Premises from the Lease, terminate or cancel this Lease with respect to the portion(s) of the Premises so withdrawn, and to reoccupy said portion(s) of the Premises

thereunder in the public interest; or (2) to recapture any portion(s) of the Premises not utilized by LESSEE for the uses identified or prescribed by this Lease.

B. Notice. STATE shall give LESSEE written notice of any such withdrawal or recapture, and STATE's intent to cancel or terminate this Lease as to the portion of the Premises so withdrawn or recaptured, not less than sixty (60) calendar days prior to the effective date of such cancellation or termination.

C. Leasehold Improvements. STATE shall pay to LESSEE the then unamortized value of the Leasehold Improvements built, constructed, erected, installed, or placed by LESSEE, at LESSEE's sole cost and expense, at, in, on, over, or under the portion(s) of the Premises being withdrawn or recaptured, all in accordance with the following formula:

$$\begin{array}{rcccl} \text{Compensation} & & & & \text{Remaining Term} \\ \text{for Leasehold} & & & & \text{of the Lease} \\ \text{Improvements} & = & \text{*Adjusted} & & \text{Entire Term of the Lease} \\ \text{Destroyed or} & & \text{Depreciated} & \times & \text{From the Date of} \\ \text{Made Unusable} & & \text{Cost} & & \text{Completion of Construction} \end{array}$$

*Adjusted Depreciated cost is to be determined as follows:

- a. "Adjusted Cost" is the actual cost of said Leasehold Improvements multiplied by the most recent U.S. Construction Cost Index for Apartments, Hotels, Office Buildings, as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CCI"), divided by the CCI of the year construction was completed;
- b. "Depreciation" is arrived at by dividing the age of the Leasehold Improvements by the term of the Lease remaining when the Leasehold Improvements were completed and multiplying the quotient by the Adjusted Cost of the Leasehold Improvements; and,
- c. "Adjusted Depreciated Cost" is the difference between the Adjusted Cost of improvements and the Depreciation.

D. No Claim against STATE. LESSEE shall peaceably surrender the portion(s) of the Premises STATE desires to withdraw or recapture, and LESSEE shall remove all Leasehold Improvements and LESSEE's trade fixtures, equipment, and other Personal Property so situated on the portion(s) of the Premises so withdrawn or recaptured, all in accordance with Article XIII. (Surrender of Premises) hereof, if required by STATE, all at no cost to STATE. LESSEE shall not, by reason of its surrender, be entitled to any claim against STATE for any of LESSEE's cost of removal. Upon completion of the withdrawal, the rent charged to Lessee shall be reduced by an amount equal to the product of the square footage of the withdrawn portion(s) of the Premises and the applicable per square foot rental rate. LESSEE

shall not be entitled to any other payment (except as provided herein) for STATE's withdrawal or recapture of the requested portion(s) of the Premises. If LESSEE is in breach of any provision of this Lease, or has been or then is in default of this Lease, STATE need not compensate LESSEE for the unamortized value of the Leasehold Improvements. In such event, LESSEE shall be deemed to have waived its rights to the Leasehold Improvements and any compensation that might be payable therefor.

E. Surrender of Entire Premises. If the surrender of the portion(s) of the Premises requested by STATE renders the remainder of the Premises unsuitable for the uses of LESSEE under this Lease, and STATE does not provide an alternate location, LESSEE may surrender the remainder of the Premises and be relieved of any further obligation hereunder, except with respect to such other obligations of LESSEE which are intended to survive the termination of this Lease, including, without limitation, those obligations set forth in Article XLVI. (Survival of Obligations) hereof.

ARTICLE XXII. TERMINATION BY LESSEE

If any one of the following events shall occur, LESSEE may terminate this Lease, in its entirety, either prior to or subsequent to the commencement of the Lease term, to wit:

1. Abandonment. The permanent abandonment of the Airport as a terminal for the transport by air of persons, property, cargo, and/or mail.
2. Assumption. The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict LESSEE from conducting its business operations thereat for a period of at least sixty (60) consecutive days.
3. Injunction. The issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport for the purposes authorized under this Lease, and the injunction remaining in force for a period of at least sixty (60) consecutive days.
4. Breach. The breach by STATE of, or its failure to perform, any of the covenants or agreements contained in this Lease, and either the failure of STATE to remedy such breach for a period of sixty (60) calendar days after receipt of a written notice from LESSEE of the existence of such breach, or, if fulfillment of STATE's obligations requires activity over a period of time, the failure of STATE within said sixty (60)-day period to act in good faith to commence the required activity, and to continue the same thereafter except for causes beyond STATE's control.

ARTICLE XXIII. SUSPENSION OR ABATEMENT

Upon the occurrence or maturity of any of the termination events contained in Article XXII. (Termination by LESSEE) hereof, LESSEE may, in lieu of termination, and upon prompt written notice to STATE, either suspend this Lease, or in the alternative, request a just abatement of such portion of the rental obligations of LESSEE, as may be mutually agreed upon, in writing, by and between STATE and LESSEE, such suspension or abatement to be effective from the time of the receipt of such written notice until there is a cessation of the occurrence or activity giving rise to the initial right to terminate this Lease. Nothing in this Article XXIII. (Suspension or Abatement) herein shall be construed as prohibiting STATE from exercising its rights under Article XXI. (Withdrawal) hereof, to withdraw or recapture all or any portion of the Premises.

ARTICLE XXIV. SUBORDINATION OF LEASE

A. Joint-Use. This Lease shall be subordinate to in all respects to the provisions of any existing or future agreements between STATE and the United States Government, or any agency thereof, relative to the aircraft operating areas of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport. In the event of any inconsistency between such agreements(s) and the occupancy by LESSEE of the Premises, and/or its use thereof, pursuant to Article III. (Use of Premises) hereof, this Lease or the particular terms, covenants and conditions affected thereby shall be suspended or terminated without STATE being liable for any damages.

This Lease shall be subordinate in all respects to the provisions of any existing or future Joint-Use Agreement between STATE and the United States Navy, the United States Army, and/or the United States Air Force. In the event of any such inconsistency described in the preceding section between this Lease and any existing or future Joint-Use Agreement, this Lease or the particular terms and conditions affected thereby, shall be suspended or terminated without STATE being liable for any damages.

B. National Emergency. During times of war, whether declared by Congress or not, or national emergency, STATE shall have the right to enter into any agreement with the United States Government for any military use of part or all of the landing areas, the publicly owned air navigation facilities, and all other areas and facilities of the Airport. If any event any such agreement is executed, the provisions of this Lease, insofar as they are inconsistent with the provisions of such agreement with the United States Government, shall be suspended without STATE being liable for any damages.

C. Rights of LESSEE. Nothing in this Article XXIV. (Subordination of Lease) contained shall detract from or limit, or be construed to detract from or limit, the rights of LESSEE as set forth in either Articles XXII. (Termination by LESSEE) and Article XXIII.

(Suspension or Abatement) hereof, to seek damages or compensation from other than STATE in the event of the execution of any such agreements described above, the terms of which are or may be inconsistent with the rights of LESSEE under this Lease.

ARTICLE XXV. CONDEMNATION

A. Definitions. For purposes of this Article XXV. (Condemnation), the following capitalized terms shall have the following meanings:

1. "Award" means all compensation, sums or value paid, awarded, or received for a Taking, whether pursuant to judgment, agreement, settlement, or otherwise.

2. "Date of Taking" means the earlier of: (a) the date upon which title to the portion(s) of the Premises taken passes to and vests in the condemnor; and, (b) the date on which LESSEE is dispossessed.

3. "Taking" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under applicable laws. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation, or in settlement of a condemnation action.

B. General. If during the Lease term, any Taking of all or any part or portion of the Premises or any interest in this Lease occurs, the rights and obligations of the parties hereunder shall be determined pursuant to this Article XXV. (Condemnation). STATE and LESSEE intend that the provisions hereof govern fully in the event of a Taking.

C. Total Taking; Automatic Termination. If a total Taking of the Premises occurs (all of the Premises are included in the Taking) then this Lease shall terminate as of the Date of Taking.

D. Partial Taking; Election to Terminate.

1. Entire termination. If a Taking of any portion (but less than all) of the Premises occurs, then this Lease shall terminate in its entirety if all of the following exist: (a) the partial Taking renders the remaining portion of the Premises untenable or unsuitable for continued use by LESSEE for the conduct of LESSEE's business operations; (b) the condition rendering the Premises untenable or unsuitable either is not curable or is curable, but STATE is unwilling or unable to cure such condition; and, (c) STATE elects to terminate.

2. Material portion taken. If a partial Taking of a material portion of the Premises occurs, STATE shall have the right to terminate this Lease in its entirety.

3. Notice of election. STATE's election to terminate this Lease pursuant to this Article XXV. (Condemnation) shall be exercised by STATE giving notice to LESSEE on or before the date that is one hundred twenty (120) calendar days after the Date of Taking, and thereafter this Lease shall terminate on the thirtieth (30th) consecutive day after such notice is given.

E. Award. Upon termination of this Lease pursuant to a Total Taking under Article XXV.C. (Total Taking; Automatic Termination) or an election under Article XXV.D. (Partial Taking; Election to Terminate) herein, then:

1. LESSEE.

a. Rent. LESSEE's obligation to pay all rentals and other fees and charges required under this Lease shall continue up until the date of termination, and thereafter shall cease.

b. Surviving obligations. LESSEE shall continue to be obligated to perform and comply with all obligations that are intended to survive the termination of this Lease, including, without limitation, those obligations set forth in Article XLVI. (Survival of Obligations) hereof.

c. Leasehold Improvements. LESSEE shall be entitled to recover the unamortized value of the Leasehold Improvements built, constructed, erected, installed, or placed at, in, on, over, or under the Premises by LESSEE in the ratio that the unexpired term of this Lease on the Date of Taking bears to the unexpired term of this Lease on the date the Leasehold Improvements were completed by LESSEE.

d. No claim against STATE. LESSEE shall have no claim against STATE or others for: (i) compensation or indemnity for LESSEE's leasehold interest; and (ii) compensation and damages payable for or on account of land (including access and easement rights) or improvements thereon, except as provided in Article XXV.E.1.c. (Leasehold Improvements) herein.

e. Separate claim against condemning authority. LESSEE may make a separate claim for compensation from the condemning authority for LESSEE's relocation expenses, or the interruption of, or damage to LESSEE's business, or damage to LESSEE's Personal Property. If the condemning authority or a court of competent jurisdiction concurs that said claim exists and is justified, LESSEE may receive any Award made specifically to LESSEE for such claim.

2. STATE. STATE shall be entitled to the entire Award in connection with the Taking (including any portion of the Award made for the value of the

leasehold estate created by this Lease), except for the unamortized value of the Leasehold Improvements, as set forth in Article XXV.E.1.c. (Leasehold Improvements) herein.

F. Partial Taking; Continuation of Lease. If a Partial Taking of the Premises occurs, and this Lease is not terminated in its entirety under Article XXV.D. (Partial Taking; Election to Terminate) herein, then this Lease shall terminate as to the portion(s) of the Premises so taken, but shall remain in full force and effect as to the portion(s) of the Premises not taken, and the rights and obligations of STATE and LESSEE shall be modified as follows:

1. Rent reduction. If the Taking causes any portion(s) of the Premises to become unusable for the conduct of LESSEE's business operations at, in, on, or over the Premises, as authorized under this Lease, the rent shall be reduced by a factor comprising the square footage of the space comprising the Taking, multiplied by the applicable rate based on the rates and charges established by the STATE.

2. Leasehold Improvements. LESSEE shall be entitled to recover the unamortized value of the Leasehold Improvements built, constructed, erected, installed, or placed at, in, on, over, or under the Premises by LESSEE in the ratio that the unexpired term of this Lease on the Date of Taking bears to the unexpired term of this Lease on the date the Leasehold Improvements were completed by LESSEE.

3. No claim against STATE. LESSEE shall have no claim against STATE or others for: (i) compensation or indemnity for LESSEE's leasehold interest; and (ii) compensation and damages payable for or on account of land (including access and easement rights) or Leasehold Improvements thereon, except as provided in Article XXV.F.2. (Leasehold Improvements) herein.

4. Separate claim against condemning authority. LESSEE may make a separate claim for compensation from the condemning authority for the interruption of, or damage to LESSEE's business, or damage to LESSEE's Personal Property. If the condemning authority or a court of competent jurisdiction concurs that said claim exists and is justified, LESSEE may receive any Award made specifically to LESSEE for such claim.

5. STATE's Award. STATE shall be entitled to the entire Award in connection with the Taking (including any portion(s) of the Award made for the value of the leasehold estate created by this Lease), except for the unamortized value of the Leasehold Improvements, as set forth in Article XXV.F.2. (Leasehold Improvements) herein.

6. Prompt Use. Any portion of the Award received by LESSEE shall be used promptly by LESSEE to the extent necessary to restore or replace the Leasehold Improvements at, in, on, over, or under the remaining Premises, in accordance with plans, specifications, drawings, cost estimates, and schedules first approved, in writing, by STATE.

7. Continuing obligation. Nothing herein shall be construed to excuse LESSEE from LESSEE's full performance of all covenants, agreements, promises, obligations, stipulations, terms, and conditions under this Lease as to the part(s) or portion(s) of the Premises not part of the Taking, and LESSEE shall remain responsible for paying to STATE all rents and other fees and charges required under this Lease.

G. Temporary Takings. Notwithstanding anything to contrary in this Article XXV. (Condemnation), if a Taking occurs with respect to all or any part or portion of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this Lease shall remain unaffected thereby, and LESSEE shall continue to pay the rents and other fees and charges required under this Lease, and to perform all of the covenants, agreements, obligations, stipulations, terms, and conditions of this Lease.

LESSEE may make a separate claim for compensation from the condemning authority for LESSEE's relocation expenses, or the interruption of, of damage to LESSEE's business, or damage to LESSEE' Personal Property. If the condemning authority or a court of competent jurisdiction concurs that said claim exist and is justified, LESSEE may receive any award made specifically to LESSEE for such claim.

ARTICLE XXVI. LEASE PERFORMANCE BOND

A. Requirements. Prior to the commencement date of this Lease, and throughout the term of this Lease and including not less than ninety (90) calendar days after the expiration or sooner termination of this Lease, LESSEE shall deliver to STATE, and keep and maintain in force and effect at all times, a Lease Performance Bond, or cash or cash equivalent security deposit acceptable to STATE, in accordance with the covenants, terms, and conditions specified in this Article XXVI. (Lease Performance Bond) herein, and in an amount equal to the annual rental then in effect (hereinafter referred to as the "Lease Performance Bond"). Except for a cash or cash equivalent security deposit, the Lease Performance Bond must:

1. Authorized Surety. Be executed by a surety company licensed and authorized to do business under the laws of the State of Hawaii (hereinafter referred to as the "Surety");

2. STATE Approval. Meet with the written approval of STATE, including, without limitation, meeting the requirement that the Surety, to STATE's sole satisfaction, has the financial capability to fully perform and complete the Surety's obligations under the Lease Performance Bond;

3. STATE's Attorney Approval. Be in a form approved by an authorized representative of the Department of the Attorney General of the State of Hawaii;

4. Guarantee Full Performance. Require the Surety to guarantee to STATE that LESSEE shall fully and completely observe, comply with, perform, and/or completely satisfy all of the covenants, agreements, promises, provisions, duties, responsibilities, obligations, requirements, restrictions, stipulations, terms, and conditions prescribed and set forth in this Lease that LESSEE is required to perform;

5. LESSEE's Cost. Be procured, maintained, and kept in full force and effect by LESSEE, at LESSEE's sole cost and expense; and,

6. Guarantee LESSEE's Contractual Obligations. Guarantee all of LESSEE's contractual obligations during and throughout the term of this Lease, which are not otherwise covered by valid and collectible insurance; provided that suits or actions thereon by STATE, or anyone else entitled to do so may be commenced within the applicable period of limitation for contract claims unless otherwise specifically provided.

B. Surety. If STATE, in its sole discretion, permits LESSEE to obtain the Lease Performance Bond from a surety or sureties other than a surety company authorized to do business under the laws of the State of Hawaii, such surety or sureties must meet the requirements of all applicable State laws, statutes, rules, and regulations, including Section 102-12, HRS.

C. Replacement Bond. If STATE, should receive a notice that the Lease Performance Bond will expire or will be canceled, LESSEE shall provide STATE with a replacement Lease Performance Bond providing the coverage required herein from the effective date and time of the expiration or cancellation of the Lease Performance Bond so that there is no period of time wherein an adequate Lease Performance Bond does not cover this Lease, as provided for herein. Such a replacement Lease Performance Bond must meet all of the requirements set forth in this Article XXVI. (Lease Performance Bond), and be forwarded to and received by STATE at least twenty (20) calendar days prior to the effective date and time that the preceding bond will expire or be cancelled.

D. Lease Default. In the event that a replacement Lease Performance Bond or another Lease Performance Bond in the required amount and meeting the required terms is not received by STATE prior to the effective date and time of the bond cancellation or expiration, as stated, LESSEE shall be deemed in default of this Lease, regardless of whether or not a notice of breach or default, or time to correct breach or default has been provided to LESSEE by STATE, and the full value shown on the face of the Lease Performance Bond, and the additional charge of \$250.00 per day for each day that there is no bond coverage, shall be immediately payable by LESSEE to STATE as liquidated damages.

E. Any Lapse. Any lapse in keeping the Lease Performance Bond in full force and effect, in the required sum, or in accordance with the terms required herein, shall be a default of this Lease, and shall give STATE the right to assess an additional charge and/or

terminate this Lease pursuant to Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, herein.

ARTICLE XXVII. LITIGATION

A. LESSEE Responsible. To the extent permitted by law, if STATE is made a party to any litigation commenced by or against LESSEE arising out of LESSEE's occupancy or use of the Premises, or attributable to the construction, installation, occupancy, or use of the Leasehold Improvements or LESSEE's Personal Property (other than condemnation proceedings), that is not the result of, or caused by the sole negligence of STATE, LESSEE shall indemnify, defend, keep, save, and hold STATE, and STATE's directors, officials, boards (including the Land Board), employees, agents, and guests, successors and assigns harmless from and against any and all suits, judgments, injunctions, decisions, orders, liabilities, losses, damages, costs, and expenses arising out of or related to any such litigation, including, without limitation, paying any and all costs, charges, and reasonable attorneys' fees incurred or imposed on STATE in connection with such litigation. In any action by STATE for recovery of any sum due under this Lease, or to enforce any of the agreements, covenants, obligations, promises, stipulations, terms, or conditions contained in this Lease, STATE shall be entitled to recover any and all costs, fees, charges, and reasonable attorneys' fees incurred or imposed on STATE in connection with such actions.

This provision shall not be construed to be a limitation of any other indemnity, by LESSEE as may be found in Article XII.B. (Indemnity), Article XIV.B.6. (LESSEE's Indemnification), Article XIV.C.13. (Release and Indemnity), or anywhere else within this Lease.

B. Attorneys' Fees. For purposes of this Lease, reasonable attorneys' fees shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of law for which STATE's attorneys' services were rendered who practice in the County.

C. Prompt Notice. Each party shall give prompt written notice to the other party of any claim or lawsuit instituted against it that may affect the other party.

D. Waiver of Claims. LESSEE hereby waives any claim against STATE and STATE's directors, officers, employees, agents, elected officials, boards (including the Land Board), successors and assigns for loss of revenue, loss of opportunity, and loss of anticipated profits caused by any lawsuit or proceedings directly or indirectly attacking the validity of this Lease, or any part or portion hereof, or by any judgment or award in any lawsuit or proceedings declaring this Lease null, void, or voidable or delaying the same, or any part or portion hereof, from being carried out.

ARTICLE XXVIII. LIENS

A. STATE's Lien. STATE shall have a lien upon all LESSEE's Personal Property upon the Premises, to the extent permitted by law, for the purpose of securing to STATE the payment of all sums, including rentals and other fees and charges, which may be due from LESSEE under this Lease. In the event that past-due rentals and other fees and charges are not paid by LESSEE within five (5) calendar days after a notice of default is given by STATE to LESSEE, STATE may take possession of and sell such portion of LESSEE's Personal Property as may be sufficient to pay the delinquent rentals and other fees and charges owed by LESSEE to STATE. A sale of LESSEE's Personal Property pursuant to this Article XXVIII. (Liens) herein may be made either publicly or privately, upon the notice given to LESSEE as herein provided.

B. Other Liens Prohibited. LESSEE shall not commit or suffer any act or neglect whereby the Premises, or any part(s) or portion(s) thereof, including any portion of the Airport, or the Leasehold Improvements thereupon or therein, or the estate or interest of LESSEE in the same, at any time during the term of this Lease shall become subject to any attachment, lien, charge, or encumbrance whatsoever. LESSEE shall indemnify, defend, keep, save, and hold STATE harmless, and if or when appropriate or necessary, insure STATE, from and against any and all attachments, liens, charges, and encumbrances, and any and all actions, lawsuits, judgments, and orders relating thereto, and any and all costs, fees, charges, and expenses, including reasonable attorneys' fees resulting therefrom, it being expressly understood that LESSEE shall have no authority, express or implied, to create any attachment, lien, charge, or encumbrance upon or affecting the Premises, or any part(s) or portion(s) thereof, except as otherwise authorized, in writing, by STATE under this Lease.

ARTICLE XXIX. ASSIGNMENT AND SUBLETTING

A. Assignment or Other Transfers.

1. Assignment. LESSEE shall not assign, encumber, or otherwise transfer, whether voluntary or involuntary, or by operation of law, the Premises, or any part(s) or portion(s) thereof, or any interest herein, or permit any other person to occupy or use the Premises, except by way of devise, bequest, or intestate succession, without STATE's prior written consent, which consent may be granted or denied in STATE's sole discretion. Any such transfer or assignment made without STATE's consent shall constitute a default under this Lease and shall be voidable at STATE's election. With prior written approval of STATE, and the prior approval of Land Board, such assignment and transfer of this Lease, or any interest therein, may be made in accordance with current industry standards, as determined by the Land Board, pursuant to Section 171-36, HRS; provided further, that prior to the written approval of STATE of any assignment of this Lease, STATE shall have the right to review and approve, in writing, the consideration paid by the Assignee, and may condition its consent to the assignment of this

Lease on payment by LESSEE of a premium in accordance with STATE's Department of Transportation Assignment of Lease Evaluation Policy, attached hereto, made a part hereof, and incorporated herein by reference as Appendix C, Attachment 6, (hereinafter referred to as the "Assignment Policy"). The premium on subsequent assignments shall also be based on the Assignment Policy.

2. Changes in LESSEE.

a. Controlling Interest. The merger of LESSEE with any other entity, or the transfer of any controlling ownership interest in LESSEE, or the assignment or transfer of a substantial portion of the assets of LESSEE, whether or not located on the Premises, shall constitute an assignment. Without limiting the generality of the foregoing, if LESSEE is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law of the partner or partners owning fifty-one percent (51%) or more of the partnership, or the dissolution of the partnership, or the sale or transfer of at least fifty-one percent (51%) of the value of the assets of LESSEE, shall be deemed an assignment. If LESSEE is a corporation or limited liability company, any dissolution, merger, consolidation, or other reorganization of LESSEE or the sale or other transfer of a controlling percentage of the capital stock or membership interests of LESSEE, or the sale or transfer of at least fifty-one percent (51%) of the value of the assets of LESSEE, shall be deemed an assignment. The phrase "controlling percentage" means the ownership of, and the right to vote stock, or interests possessing at least twenty percent (20%) (or a percentage less than twenty percent (20%) if such percentage represents a controlling interest in LESSEE) of the total combined voting power of all classes of LESSEE's capital stock or interests issued, outstanding, and entitled to vote for the election of directors.

b. Sale of assets. The sale of all or substantially all of the assets of LESSEE, or the transfer of all or substantially all of its Leasehold Improvements at, in, on, over, or under the Premises, shall be deemed to constitute an "assignment" for purposes of this Lease which requires the prior approval of STATE in accordance with this Article XXIX. (Assignment and Subletting) herein.

3. STATE's Approval Required For Each Assignment. The consent of STATE to any one assignment shall not constitute a waiver of STATE's right to approve subsequent assignments, nor shall consent of STATE to any one assignment relieve or release any party previously liable as LESSEE from any obligation under this Lease. The acceptance by STATE of the payment of rents and other fees and charges following an assignment shall not constitute consent to any other assignment, and STATE's consent shall be evidenced only in writing.

4. No Release. In no event shall STATE's consent to an assignment or transfer be deemed to be a release of LESSEE as the primary obligor hereunder. Nor shall the acceptance of rents and other fees and charges by STATE constitute a release or waiver of

STATE's rights against LESSEE, or consent to any assignment or transfer, nor shall any other act of STATE in relation to said Assignee be so construed.

5. Void If Not Properly Approved. Any transfer or assignment made in violation of the foregoing provision shall be void. Any attempted assignment, or any subleasing of the whole or any part(s) or portion(s) of the Premises, or any other transaction which violates Article XXIX.A. (Assignment or Other Transfers) or Article XXIX.B. (Subletting) herein shall be void, and shall confer no right, title, or interest in or to this Lease, or right of occupancy or use of the whole or any part(s) or portion(s) of the Premises, upon any such purported assignee, successor, or purchaser. STATE shall further have the right to terminate this Lease and to enforce such other remedies as are provided in this Lease.

B. Subletting. LESSEE shall not rent or sublet the whole or any portion of the Premises.

C. Violation.

1. Lease termination. Any attempt by LESSEE to assign, transfer, hypothecate, mortgage, or encumber LESSEE's interest or rights under this Lease, or any part or portion thereof, without first obtaining STATE's written consent, or any attempt by LESSEE to sublease the Premises, shall be deemed a violation of this Article XXIX. (Assignment and Subletting). Any such attempted action or transaction on the part of LESSEE shall be null and void, and shall not confer any right, title, or interest in or to this Lease, or right of occupancy or use of the whole or any part or portion of the Premises, upon any such purported assignee, mortgagee, encumbrancer, pledgee, subtenant, successor, or purchaser. STATE shall further have the right to terminate this Lease and enforce such other remedies as are provided in Article V.D. (Additional Charges) and Article XIX. (Termination by STATE), respectively, herein.

2. Assignor or transferor. If the transferor or LESSEE defaults in the performance of any of the covenants, agreements, obligations, stipulations, terms, or conditions of this Lease, STATE may proceed directly against LESSEE, the transferor, or each transferor if there has been more than one assignment, encumbrance, or transfer (hereinafter referred to collectively as the "Transfer") without the necessity of exhausting remedies against LESSEE. STATE may consent to subsequent Transfers or amendments or modifications to this Lease with transferees, without notifying the transferor (or if there has been more than one Transfer, then each transferor) and without obtaining its or their consent thereto, and such action shall not relieve any transferor of liability under this Lease, as amended.

D. Procedure and conditions.

1. Procedure. LESSEE must provide, in writing, to STATE the following:

- a. The name and address of the proposed assignee or transferee;
- b. The nature of the proposed business to be operated by the assignee or transferee on the Premises;
- c. The terms and conditions of the proposed assignment or transfer; and,
- d. Reasonable financial information so that STATE can evaluate the proposed assignee or transferee under this Article XXIX. (Assignment and Subletting) herein.

2. Conditions. Transfers by LESSEE are also subject to:

- a. The covenants, agreements, obligations, stipulations, terms, and conditions of this Lease;
- b. The term of any assignment or other Transfer agreement shall not extend beyond the Lease term;
- c. LESSEE shall remain liable for all Lease obligations;
- d. Consent to one Transfer does not waive the consent requirement for any future Transfers;
- e. Payments to STATE of all premiums, Sandwich Profit, or other sums or amounts which LESSEE may be required to pay under this Article XXIX. (Assignment and Subletting) herein; and,
- f. All other terms and conditions that may be imposed or prescribed by STATE.

ARTICLE XXX. SUCCESSORS AND ASSIGNS

Each and all of the expressions, phrases, terms, conditions, provisions, stipulations, promises, covenants, agreements, requirements, and obligations of this Lease shall, whenever applicable, extend to and bind and inure to the benefit of STATE and LESSEE, and the legal representatives, successors, and permitted assigns of either or both of them.

ARTICLE XXXI. NOTICES

Except as otherwise specifically provided in this Lease, any notice, consent, request, demand, or other correspondence given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or overnight courier, return receipt requested, with postage prepaid; to: (a) LESSEE at the address provided on Page 1 of this Lease; or (b) STATE at the following address: State of Hawaii, Department of Transportation, Airports Division, Honolulu International Airport, Inter-Island Terminal Building, 400 Rodgers Boulevard, Suite 700, Honolulu, Hawaii 96819-1880; or (c) such other address as either LESSEE or STATE may designate, in writing, as its new address for such purpose by notice given to the other in accordance with this Article XXXI. (Notices) herein. Any notice hereunder shall be deemed to have been given and received and effective two (2) calendar days after the date when it is mailed, if sent by first-class, certified mail, one (1) calendar day after the date when it is mailed if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by facsimile to the number set forth herein, or such other number as may be provided from time to time; provided, however, neither party may give official or binding notice by facsimile.

ARTICLE XXXII. INTERPRETATION OF LEASE

A. Headings. The headings and captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease.

B. Not Against Drafter. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein, and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. The language hereof, and in all parts of this Lease shall, in all cases, be construed simply according to its fair meaning, and not strictly for or against either STATE or LESSEE.

C. Fair Meaning. Provisions in this Lease relating to number of days shall be calendar days. Use of the word "including" shall mean "including, without limitation." References to statutes, sections, ordinances, or regulations are to be construed as including all statutory, ordinance, or regulatory provisions consolidating, amending, replacing, succeeding, or supplementing the statute, section, ordinance, or regulation.

D. Gender and Number. Whenever the singular number is used in this Lease and when required by the context, the same includes the plural, the plural includes the singular, and the masculine gender includes the feminine and neuter genders, and the word "person" shall include corporation, limited liability company, partnership, firm, and association.

ARTICLE XXXIII. NO PARTNERSHIP

It is expressly understood and agreed by and between STATE and LESSEE, that STATE shall in no way be, nor for any purpose become or be construed to become a partner of LESSEE in the conduct of LESSEE's business operations, or otherwise, or a joint venture or a member of a joint enterprise with LESSEE, and STATE does not assume responsibility for LESSEE's conduct or performance under this Lease. STATE and LESSEE acknowledge and agree that there are no third-party beneficiaries to this Lease.

ARTICLE XXXIV. FORCE MAJEURE

A. STATE's Obligations. STATE shall not be liable for any failure, delay, or interruption in performing its obligations hereunder due to causes or conditions beyond its control, including (but without limitation thereto) strikes, boycotts, picketing, slow-downs, work stoppages, or labor troubles of any other type, whether affecting STATE, and/or STATE's contractors or subcontractors.

STATE shall be under no obligation to supply any service or services, if and to the extent, and during any period that the supplying of any such service or services, or the use of any component necessary therefor, shall be prohibited by any federal, state, or municipal law, rule, regulation, requirement, order, or direction, and if STATE deems it in the public interest to comply therewith, even though such law, rule, regulation, requirement, order, or direction may not be mandatory on STATE as a public agency.

B. Rentals Remain Payable. Unless and only to the extent otherwise specified in this Lease, no abatement, diminution, or reduction of the rentals and other fees and charges payable by LESSEE to STATE shall be claimed by or allowed to LESSEE for any inconvenience, interruption, cessation, or loss of business or other loss caused, directly or indirectly, by any present or future laws, rules, requirements, orders, directions, ordinances, or regulations of the United States of America, or of the State, or of the County, or of any other

county, municipal, governmental, or lawful authority whatsoever, or by priorities, rationing, curtailment, or shortage of labor or materials, or by war, or any matter or thing resulting therefrom, or by strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or by any other cause or causes beyond the control of STATE, nor shall this Lease be affected by any such causes.

C. LESSEE Enforcement. Nothing in this Article contained shall preclude nor be construed to preclude the enforcement by LESSEE of any of its rights contained in Article XXII. (Termination by LESSEE) and Article XXIII. (Suspension or Abatement) hereof.

ARTICLE XXXV. ENTIRE AGREEMENT

The parties intend that this Lease (including all of the exhibits and appendices which are made a part of this Lease) shall be the final expression of their entire agreement with respect to the subject matter hereof, and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. The parties further intend that this Lease shall constitute the complete and exclusive statement of its covenants, agreements, obligations, stipulations, terms, and conditions and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative, or other legal proceeding, including this Lease.

ARTICLE XXXVI. AMENDMENTS

Neither this Lease, nor any of the covenants, terms, and conditions contained herein may be varied, changed, modified, or revised by any oral agreement or representation, or otherwise, except by an instrument, in writing, of subsequent date hereto, executed by both parties by their respective officer(s) or other duly authorized person(s).

ARTICLE XXXVII. APPROACH PROTECTION

STATE reserves the right to take such action as may be necessary to protect the aerial approaches of the Airport against obstruction, in accordance with applicable standards or requirements, together with the right to prevent LESSEE or any other person, from erecting or permitting to be erected, any building or other structure on the Airport which would conflict with such standards or requirements, or which, at the discretion of STATE, would limit the usefulness of the Airport or constitute a hazard to aircraft.

LESSEE shall, upon being notified that any of its proposed construction may affect the safety of navigable airspaces and operating aircraft on and around the Airport, prepare and submit to the appropriate office of the FAA the necessary notice and documents as required by Federal Aviation Regulation Part 77. This notice to the FAA must be submitted at least thirty (30) calendar days prior to the date of the proposed construction, or the date that an application for a building permit with the appropriate agency of the County is filed, whichever is earlier.

ARTICLE XXXVIII. INVALID PROVISION-SEVERABILITY

If any provision of this Lease or the application thereof to any person, entity, or circumstance shall, to any extent, be deemed invalid or unenforceable by a court of competent jurisdiction, the remainder of this Lease, or the application of such provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law.

ARTICLE XXXIX. NON-LIABILITY OF INDIVIDUALS

Neither the Director, nor any elected official, agent, director, officer, employee, nor any person acting for or on behalf of STATE shall be charged personally by LESSEE, or be held personable liable or personally responsible to LESSEE under any covenant, provision, term, or condition of this Lease, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, thereof.

ARTICLE XL. RESERVATION OF MINERAL AND METALLIC RIGHTS

STATE reserves the right, on its own behalf or through persons authorized by it, with respect to all minerals, as hereinafter defined, at, in, on, over, or under the Premises to: (1) prospect for, mine, and remove such minerals; and, (2) occupy and/or use so much of the vacant, unoccupied, and/or unused surface of the Premises as may be required for all purposes reasonably related to the mining and removal of such minerals by any means whatsoever, including strip mining.

"Minerals" as used herein shall mean and include any and all oil, gas, coal, phosphate, sodium, sulfur, iron, titanium, gold, silver, bauxite, bauxitic clay, disapore, boehmite, laterite gibbsite, alumina, all ores of aluminum, and without limitation thereon, all other mineral substances and ore deposits, whether solid gaseous or liquid, including geothermal resources, at, in, on, over, or under the Premises; provided, however, that the word "minerals" shall not mean and include any of the foregoing substances and deposits when used in road or building

construction in furtherance of LESSEE's permitted activities at, in, on, over, or under the Premises, and not for sale to others.

ARTICLE XLI. PREHISTORIC AND HISTORIC REMAINS

Any and all prehistoric and historic remains found at, in, on, over, or under the Premises shall be and remain the property of STATE, and shall not be disturbed or removed by LESSEE, and/or LESSEE's successors in interest, assigns, officers, directors, employees, agents, or guests, without the express written approval of STATE.

Upon discovery of any prehistoric or historic remains, LESSEE shall immediately stop and cease any further disturbance of the remains and surrounding portion(s) of the Premises containing the remains, and promptly notify STATE of such discovery.

ARTICLE XLII. NONDISCRIMINATION

A. Construction. LESSEE, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the Premises, that in the event facilities are constructed, maintained, or otherwise operated on the Premises described in this Lease for a purpose for which a United States Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, LESSEE shall maintain and operate such facilities and services in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations (CFR), U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Federal Regulations may be amended.

B. Operation. LESSEE, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby further covenant and agree:

(1) That no person on the grounds of race, creed, color, national origin, sex, or a physical disability, as defined in the Americans with Disabilities Act of 1990, shall be denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities and services;

(2) That in the construction of any improvements at, in, on, over, or under the Premises, and the furnishing of services thereon, no person on the grounds of race, creed, color, national origin, sex, or a physical disability, as defined in the Americans with

Disabilities Act of 1990, shall be denied the benefits of, or otherwise be subjected to discrimination;

(3) This Lease is subject to the requirements of the U. S. Department of Transportation's regulations, Title 49, CFR Parts 23 and 26;

(4) That LESSEE shall not discriminate against any business owner because of race, creed, color, national origin, sex, or a disability, as defined in the Americans with Disabilities Act of 1990, in connection with the conduct LESSEE's business operation on the Premises and at the Airport, or in connection with the award and performance of any lease agreement covered by Title 49, CFR Parts 23 and 26;

(5) That LESSEE shall use the Premises and conduct LESSEE's business operations thereon and at the Airport in compliance with all other requirements imposed by or pursuant to Title 49, CFR, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Federal Regulations may be amended; and,

(6) That LESSEE will include the foregoing statements in any subsequent lease or other agreements it enters, and cause those businesses to similarly include the statements in further agreements.

C. Breach. In the event of breach of any of the foregoing nondiscrimination covenants, STATE may terminate this Lease and re-enter and repossess the Premises, together with all Leasehold Improvements and LESSEE's Personal Property thereon, and hold the same as if this Lease had never been made or issued.

ARTICLE XLIII. CIVIL RIGHTS PROVISION

LESSEE assures that it will undertake an affirmative action program as required by Title 14, CFR Part 152, Subpart E and as said regulation may be administered upon the Airport by the FAA, to insure that no person shall on the grounds of race, creed, color, national origin, sex, or a physical disability, as defined in the Americans with Disabilities Act of 1990, be excluded from participating in any employment activities covered by Title 14, CFR Part 152, Subpart E. LESSEE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. LESSEE further assures that it will require that its covered suborganizations provide assurances to STATE that they similarly will undertake affirmative action programs, and that they will require assurances from their suborganizations, as required by Title 14, CFR Part 152, Subpart E, to the same effect.

ARTICLE XLIV. DISPUTES

A. All Disputes. All controversies and disputes between STATE and LESSEE which arise under, or by virtue of this Lease, and which are not resolved by mutual agreement, shall be decided by the Director, in writing, within one hundred twenty (120) calendar days after receiving a written request by LESSEE for a final decision concerning the controversy; provided that if the Director does not issue a written decision within one hundred twenty (120) calendar days after receiving a written request for a final decision, or within such longer period as may be agreed upon by the parties, then LESSEE may proceed as if an adverse decision had been received.

B. Notice of Decision. The Director shall immediately furnish a copy of the decision to LESSEE, by certified mail, return receipt requested, or by any other method that provides evidence of receipt.

C. Final and Conclusive. Any such decision by the Director shall be final and conclusive.

D. LESSEE Shall Comply. LESSEE shall comply with any decision of the Director, and proceed diligently with performance of this Lease, except where there has been a material breach of this Lease by STATE; provided, that in any event, LESSEE shall proceed diligently with the performance of this Lease where the Director has made a written determination that continuation of work under this Lease is essential to the public health and safety.

ARTICLE XLV. BROKERS

LESSEE warrants and represents to STATE that LESSEE has not had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with this Lease. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, LESSEE shall be responsible for such commission or fee, and shall indemnify, defend, save, and hold STATE harmless from and against any and all actions, causes of action, claims, demands, lawsuits, judgments, liabilities, losses, damages, costs, and expenses, including reasonable attorneys' fees and demands therefor, arising or resulting from LESSEE's dealings and interactions with any broker, finder, or person who could claim a right to a commission or finder's fee. The provisions of this Article XLV. (Brokers) shall survive any expiration or sooner termination of this Lease.

ARTICLE XLVI. SURVIVAL OF OBLIGATIONS

A. STATE's Right to Enforce. Termination of this Lease, whether by expiration or sooner termination, shall not affect the right of STATE to enforce any or all indemnities and representations and warranties given or made by LESSEE to STATE under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof, including, without limitation, Article XII. (Liability and Indemnity), Article XIV.C. (Environmental Compliance – LESSEE's Duties), Article XXV. (Condemnation), Article XXVI. (Lease Performance Bond), Article XXVII. (Litigation), Article XXVIII. (Liens), and Article XLV. (Brokers). LESSEE specifically acknowledges and agrees that, with respect to each of LESSEE's indemnities contained in this Lease, LESSEE has an immediate and independent obligation to defend STATE from any claim which actually or potentially falls within the indemnity provision, even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to LESSEE by STATE.

B. Accrued Obligations. LESSEE's obligation to make payments to STATE with respect to the accrued rents and other fees and charges (including those which have not yet been billed), and to make repairs (including those relating to the return of the Premises to STATE) which are accrued at the expiration or earlier termination of this Lease, shall survive the expiration or earlier termination of this Lease.

ARTICLE XLVII. QUIET ENJOYMENT

LESSEE, upon paying all of the rents and other fees and charges required under this Lease, and observing, complying with, performing, and/or completely satisfying the agreements, covenants, obligations, promises, provisions, requirements, stipulations, terms, and conditions hereof, shall peaceably and quietly have, hold, and enjoy the Premises, together with all Leasehold Improvements and appurtenances during the full Lease term as against all persons or entities claiming by and through STATE. LESSEE expressly acknowledges that LESSEE's right to quiet possession of the Premises does not preclude STATE's right to make changes and additions to the Airport, including the Premises, and to do work at, in, on, over, or under the Premises as permitted by this Lease, including, without limitation, STATE's right to relocate LESSEE, as described in this Lease.

ARTICLE XLVIII. NO ACCORD AND SATISFACTION

A. LESSEE's Instructions Void. The payment by LESSEE, or the receipt by STATE of a lesser amount than the annual rental prescribed and set forth in this Lease may be, at STATE's sole option, credited or applied to the payment of: (1) first, any interest charges, service charges, and/or late fees; and, (2) second, any annual rental (beginning with earliest owing or accrued annual rental), notwithstanding any instructions by or on behalf of LESSEE to the

contrary, which instructions (including any endorsement or statement on any check, or any letter accompanying any such check or payment) shall be null and void, and STATE may accept such check or payment without prejudice to STATE's right to recover the outstanding receivable balance of such accrued annual rentals, interest charges, service charges, and/or late fees, or to pursue any other remedy available in this Lease or at law.

B. Acceptance Does Not Invalidate Notice. STATE may accept any partial payment from LESSEE without invalidating any contractual notice given or required to be given herein pursuant to applicable law.

ARTICLE XLIX. JOINT AND SEVERAL LIABILITY

The obligations, covenants, promises, liabilities, warranties, and representations of LESSEE under this Lease shall be joint and several, by and among any and all entities and persons comprising LESSEE.

ARTICLE L. ESTOPPEL STATEMENTS

A. Delivery of Estoppel Statement by LESSEE. Within ten (10) calendar days after request therefor by STATE, LESSEE shall deliver, in recordable form, an estoppel statement certifying that this Lease is in full force and effect, the date of LESSEE's most recent payment of rental, and that LESSEE has no defenses or offsets outstanding, or stating those defenses or offsets claimed by LESSEE, and any other information reasonably requested by STATE.

B. Failure of LESSEE to Deliver Estoppel Statement. If LESSEE fails to deliver the requested estoppel statement to STATE within the specified period, the following shall be deemed conclusive: (1) this Lease is in full force and effect, without modification; (2) there are no uncured defaults in STATE's performance under this Lease, and LESSEE has no right of offset, counterclaim, or deduction against the rentals payable under this Lease; and (3) no more than one year's rental has been paid in advance by LESSEE. Such conclusions shall be binding upon LESSEE. Notwithstanding these conclusions, LESSEE's failure to deliver the requested estoppel statement shall constitute a breach of this Lease.

ARTICLE LI. AUTHORITY

If LESSEE executes as a corporation, a limited liability company, a joint venture, or a partnership, each of the persons executing this Lease on behalf of LESSEE does hereby covenant and warrant that LESSEE is a duly authorized and existing entity, that LESSEE has and is duly qualified to do business under the laws of the State, that LESSEE has full right and

authority to enter into this Lease, and that each and all of the persons executing this Lease for and on behalf of LESSEE are authorized to do so. Upon STATE's request, LESSEE shall provide STATE with evidence reasonably satisfactory to STATE confirming the foregoing representations and warranties.

ARTICLE LII. CONSENTS

In situations where STATE's consent cannot be unreasonably withheld, if it is legally adjudicated that STATE unreasonably withheld its consent or approval, LESSEE's sole and exclusive remedy is to seek specific performance, and in no event will STATE be liable for any monetary damages. All consents or approvals by STATE shall be in writing.

ARTICLE LIII. COUNTERPARTS

This Lease may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same document, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterpart. For all purposes, including, without limitation, recordation, filing, and delivery of this Lease, duplicate unexecuted pages of the counterparts may be discarded, and the remaining pages assembled as one document.

ARTICLE LIV. GOVERNING LAW

This Lease shall be governed by, interpreted, and construed in accordance with the laws of the State of Hawaii.

IN WITNESS WHEREOF, the parties have duly executed this Lease on the day and year first above written.

APPROVED AS TO FORM:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION

MICHAEL Q. Y. LAU
Deputy Attorney General

By _____
GLENN M. OKIMOTO, Ph.D.
Its Director

STATE

()

By _____
Its

LESSEE

APPROVED:

BOARD OF LAND AND
NATURAL RESOURCES

Approved by the Board
at its meeting held on

By _____
WILLIAM J. AILA, JR.
Chairperson and Member

05-13-10 Item M-2

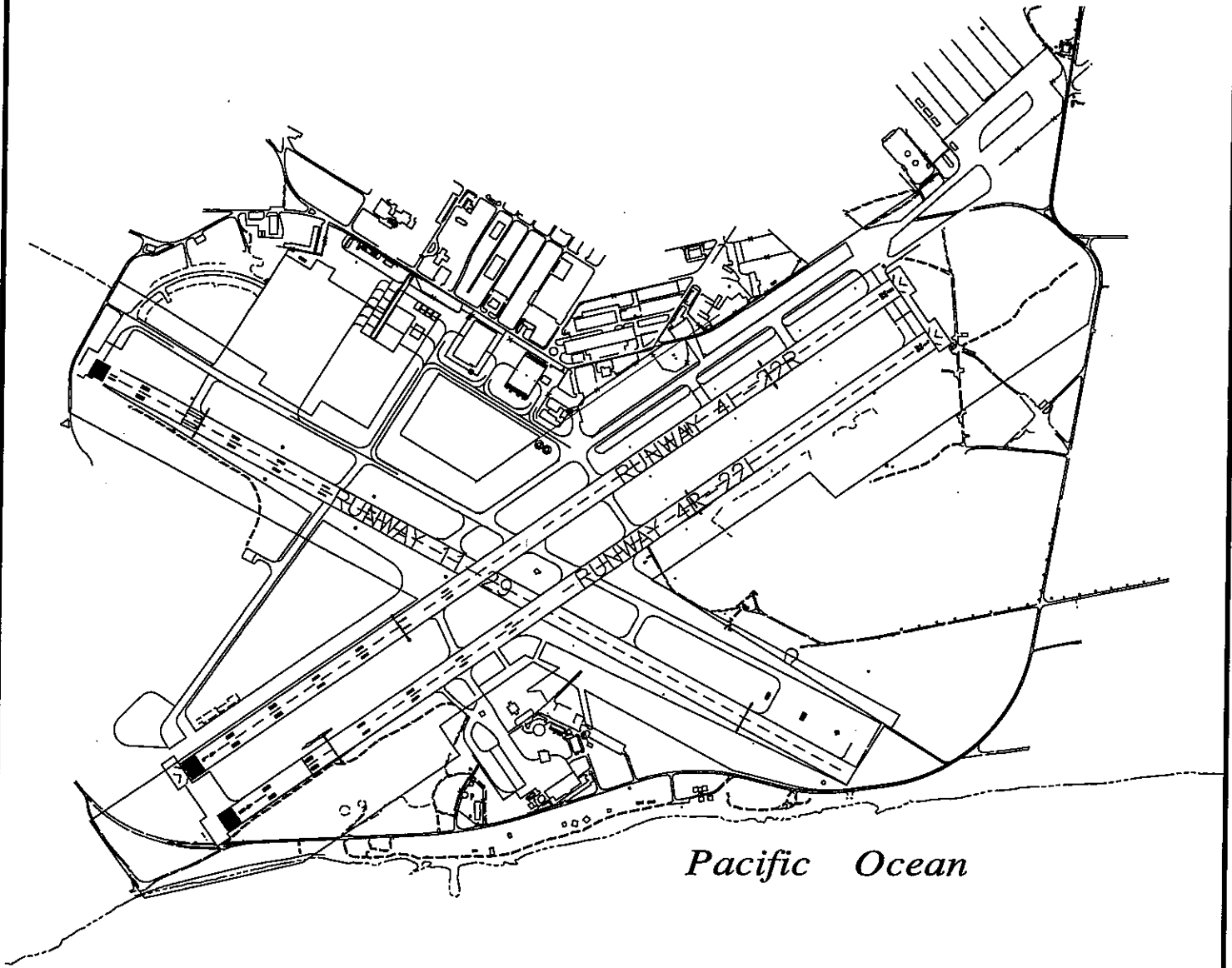
STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2011, before me appeared _____ to me personally known, who being by me duly sworn, did say that _____ is (are) the _____ of _____ and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said _____ acknowledged said instrument to be the free act and deed of said corporation.

Print Name: _____
Notary Public, _____ Judicial Circuit
State of _____

Doc. Description: _____
No. of Pages: _____

Notary signature
My Commission Expires: _____



Pacific Ocean

SCALE: 1" = 1500'

DATE : MAY 2011

EXHIBIT: **A**

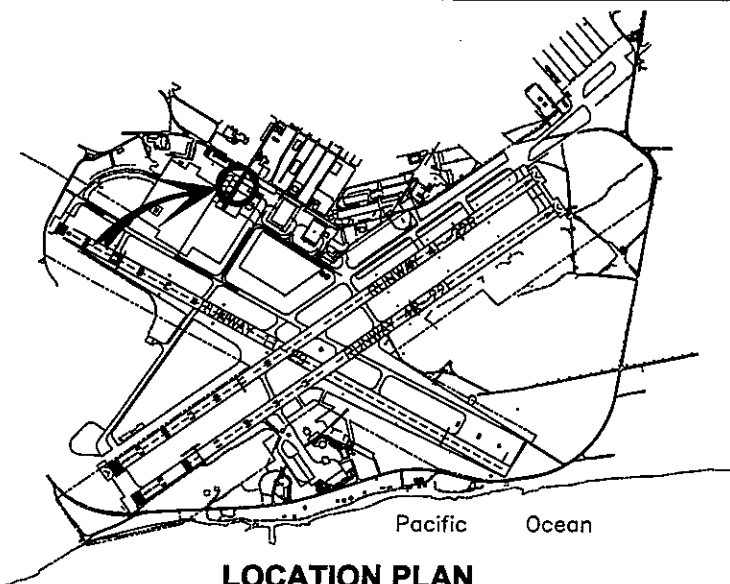


Airports Division

"AIRPORT"

KALAELOA AIRPORT

N:\AIRPORTS\JRF_KALAELOA\CAD\PM\JRF_EXHIBIT_A.DWG



3000:1

LOCATION PLAN

002101 BLDG 101
(1792)
820101

408101

820102

PAR

PARKING

001101



406101

7110

7111

7112

7113

001102

001103

001104

XIWAY D

SCALE: 1" = 100'

001108

AREA/SPACE		SQ. FT.
001	101	10,000

DATE : MAY 2011

EXHIBIT: **B**



Airports Division

LEASE LOTS

001101

KALAELOA AIRPORT

N:\AIRPORTS\JRF_KALAELOA\CAD\PM\JRF_001101-01.DWG



Procedure No. 7.6 DEVELOPMENT STANDARDS FOR LEASED AIRPORT PROPERTY

Approved by Owen Miyamoto

Effective Date: 01/15/1995

7.6.01 PURPOSE

The purpose of this procedure is to establish a standard that shall be followed by lessees in the development of leased property (in construction of improvements).

7.6.02 POLICY

It is the policy of the Airports Division that the development of leased airport property shall be aesthetically compatible with existing and planned airport facilities and accomplished in accordance with the applicable rules and procedures of the Department and all other applicable laws, ordinances, rules and regulations of federal, state and county agencies.

7.6.03 APPLICABILITY

This procedure applies to persons who lease airport property.

7.6.04 PROCEDURES

A. Definitions

1. "Airport" means the areas of land or water set aside by Executive Order of the Governor of the State of Hawaii for public airport purposes.
2. "Buildings" means the main portion of each structure including all projections, extensions, additions, changes, garages, outside platforms and docks, carports, canopies, eaves, and porches. Paving, ground cover, fences, signs and landscaping are specifically excluded from the definition.
3. "Building site" means the land included in the lease agreement.
4. "Corner building site" means a building site which has two or more lease boundary lines abutting a street.
5. "Department" means the Department of Transportation of the State of Hawaii.
6. "Director" means the Director of the Department.
7. "Improvements" means all buildings, structures, and facilities including paving, fencing, signs, and landscaping constructed, installed, or placed on, under, or above any building site by or on the account of a lessee.
8. "Landscaping" means all aesthetic improvement of building sites through the use of lawns, ground cover, trees, and shrubs, as well as walls, screenings, terraces, fountains, pools, and other water arrangements.
9. "Land use plan" means the most recent plan for the future development of airport adopted by the Department, wherein various segments of airport land are reserved for specified uses.
10. "Lease boundary line" means each of the perimeter lines of each building site as leased to each lessee.

11. "Lessee" means any person, firm, corporation, or other entity who has a lease with the Department for a building site.
12. "Segment" means one of the areas of the airport designated for particular uses (general aviation commercial, general aviation noncommercial, etc.) on the land use plan.
13. "Setback area" means the minimum required area situated between a lease boundary line and a setback line.
 - a. "Front setback area" means the area between the street on which a building site abuts and the front setback line and extends from the side lease boundary line to side lease boundary line. On a corner building site, the front setback area shall apply to each lease boundary line abutting a street, unless otherwise specified in this procedure.
 - b. "Side setback area" means the area between the side lease boundary line and the side setback line and extends from the front setback line to the rear lease boundary line.
 - c. "Rear setback area" means the area between the rear lease boundary line and the rear setback line and extends from side setback line to side setback line.
14. "Setback line" means a line of a building site lying parallel to each lease boundary line and separated from it by the distance required to provide the minimum setback area.
15. "Site coverage" means the portion of the total building site area that may be covered by buildings.
16. "Site width" means the diameter of the largest circle which can be inscribed within the lease boundary lines of a building site.
17. "Street" means the paved portion of a right-of-way maintained by the Department for vehicular access to the building site and used as a thoroughfare by the public.
18. "Taxiway" means a Department-maintained aircraft taxiway, apron, ramp or any other right-of-way for aircraft whose edge is the edge of the right-of-way for all purposes of these standards.

B. Performance Standards For All Segments

1. General. No part of the airport or any improvement on it shall be used or allowed to be used at any time for the manufacture, storage, distribution, serving, or sale of any product or the furnishing of any service, in a manner which is unreasonably noxious or offensive or which is an unreasonable annoyance or nuisance to others at the airport because of odors, fumes, smoke, noise, glare, vibration, soot, or dust. No activity which may be dangerous to public health and safety, increases the fire insurance rating for adjoining or adjacent property, or is illegal shall be permitted.
2. Noise.
 - a. The sound pressure levels generated on a building site shall comply with the applicable Hawaii Administrative Rules of the State Department of Health--except for the authorized operation of motor vehicles, aircraft or other transportation equipment:
 - (1) To, from and on a building site.
 - (2) On the public area of the airport.
 - b. The testing of aircraft engines shall be conducted in noise-suppressing test cells so that sound levels do not exceed the levels referenced above.
3. Air Pollution. Atmosphere emissions produced by motor vehicles or aircraft--except for those produced by the authorized operation of motor vehicle and aircraft to, from and on a building site--shall comply with the applicable standards established by the State Department of Health or any other governmental agency.
4. Heat or Glare. Any operation producing intense glare or heat shall be performed within an

enclosed or screened area in such manner that the glare or heat emitted will not be perceptible without instruments at any lease boundary line of a building site.

5. Waste Disposal. All disposal of storm and sanitary sewage and industrial waste shall be in accordance with all applicable laws, rules or regulations of the Departmental and county, state and federal agencies.
 6. Electronic and Radio Interference. No tenants shall construct facilities capable of reflecting radio signals or producing electrical, electronic, or radio emissions which will interfere with, obstruct, or adversely affect the operation of air navigation aids and airport radio communications.
 7. Stormwater Pollution Prevention. the tenant shall:
 - a. Use all reasonable methods to minimize pollution from fuel spills and use of hazardous materials or hazardous waste;
 - b. Develop a waste minimization plan and coordinate it with the appropriate Airports District Manager; and
 - c. Develop a Stormwater Pollution Prevention Plan under the guidelines of Airports Division SWPPP and have it approved by the Airports District Manager.
- C. Building Site Development Standards for all Segments
1. Permitted Uses. The uses permitted shall be those defined in the lease for the building site.
 2. Automobile and Truck Parking and Loading Requirements
 - a. Paved off-street parking areas sufficient for all the automobiles and trucks of employees, tenants, and customers and other vehicles used in the conduct of a lessee's business shall be provided on each building site. Parking on the streets and at public areas on airport property shall be permitted only in areas and times specifically designated and posted by the Department.
 - b. Parking in the front setback area shall not exceed 60% of the required minimum front setback area, and shall be appropriately screened from view by landscaping. Parking and maneuvering space shall be provided in accordance with accepted traffic engineering standards.
 - c. Buildings shall be designed and placed upon each building site so that motor vehicles of maximum length permitted by the State of Hawaii at the time of construction of each building may be maneuvered and loaded or unloaded off the street. On-street vehicle maneuvering or loading shall not be permitted.
 - d. On the side of a building facing a street, no truck loading door or loading dock shall be nearer than fifty (50) feet to the lease boundary line. Loading facilities shall be constructed so that no part of the longest legal loading vehicle being loaded or unloaded at any loading dock, loading door, or loading area will extend beyond the lease boundary line.
 3. Aircraft Parking and Servicing
 - a. Except for permitted parking and servicing of aircraft on designated areas of the airport, provisions for parking aircraft belonging to tenants and their patrons, invitees, employees, and others shall be on the building sites.
 - b. Whenever hangar doors open onto a lease boundary line abutting a taxiway, they shall be set back a distance which in the opinion of the Department shall provide sufficient clearance for the holding, maneuvering, and parking of aircraft as incidental to the ingress and egress of aircraft from the hangars. No holding, maneuvering, stopping, or parking of aircraft off a building site for purpose of hangaring, parking, or storing of aircraft shall be permitted.

- c. All aircraft parked or left unattended on any building site shall be entirely within the lease boundary lines.

4. Building and Construction Materials.

- a. Any building material which has been approved by the Department and which complies with applicable building codes may be used.
- b. All aircraft taxiways and parking areas on the building site shall be paved with materials of sufficient strength to accommodate the heaviest aircraft anticipated to be parked on the building site, or of sufficient strength to accommodate aircraft with gross ramp weights of at least 12,500 pounds, whichever is the greater.
- c. Any connection from a driveway or sidewalk on a building site to the paved surface of an abutting street shall be constructed in accordance with the applicable standards of the Highways Division of the Department. Any connection from a taxiway or apron on a building site to the paved surface of an abutting public use taxiway shall be either:
 - (1) For a distance of twenty-five feet from the connection and of the same material and strength as the taxiway to which it is connected; or
 - (2) Painted in accordance with standards established by the Department to indicate that the connection is non-loading bearing.
- d. All ventilating fans, cooling towers, equipment, etc. placed on roofs of buildings shall be screened from view or enclosed in a manner that is architecturally compatible with the main portion of the building structure.
- e. Accessory buildings, enclosures, and fences shall be consistent in design and quality of materials with the buildings they serve.

5. Building Heights. All building heights shall conform to the rules and regulations of the Department and the Federal Aviation Administration.

6. Dust Control. All ground areas not covered by buildings shall be landscaped or paved, properly drained and graded, and maintained in good condition free of weeds, trash, and other debris.

7. Illumination. The design and location of exterior lighting shall be subject to the approval of the Department and shall comply with the requirements of the Federal Aviation Administration and other governmental agencies having applicable jurisdiction with respect to height, type, and placement of lighting standards as they may affect the safety of flight operations into, from, and around airport.

8. Landscaping.

- a. All areas not paved or covered by buildings shall be landscaped in accordance with plans approved by the Department. In addition to trees, ground cover, and gardens, landscaping shall include, where appropriate, the use of walls, screenings, terraces, fountains, pools, and other water arrangements.
- b. Such landscaping, as approved by the Department, shall be installed within a period not to exceed ninety (90) days after the notice of completion of the initial building. Hose bibs or sprinkler systems shall be provided to serve all landscaped areas.
- c. Plans, specifications, and inspections for landscaping shall be accomplished by a professional landscape architect registered in the State of Hawaii and shall require the written approval of the Department prior to installation.
- d. Plant material shall consist of a balanced mixture of trees shrubs and ground cover.
- e. All trees shall at all times be limited to a height of thirty-five (35) feet above the curb line.

- f. A continuous greenbelt shall be required to be maintained on all building sites abutting streets; the greenbelt shall consist of grass lawns, ground cover, trees, shrubs, or any combination thereof as approved by Department. The greenbelt requirement shall be included in the minimum landscaping requirement for the building sites as set forth in this procedure.
 - g. Any unpaved area between the lease boundary line and the edge of the curb of the abutting street shall be landscaped and maintained to the satisfaction of the Department by the lessee of the building site.
 - 9. Power, Telephone, Utilities, and Sewer. No electric power line, water pipe, gas pipe, sewer pipe, or drainage pipe (other than roof leaders) shall be installed or maintained upon any building site above the surface of the ground, except for meter connections which shall be screened or enclosed in a manner approved by the Department.
 - 10. Setbacks. All front setback areas or side setback areas facing a street, with the exception of driveways, sidewalks, other walkways, and any parking, shall be used exclusively for the planting and growing of trees, shrubs, lawns and other ground cover, or material as approved by the Department. If landscaping is not properly maintained by the lessee, the Department may undertake such maintenance as it deems necessary with the resulting expense charged to the lessee.
 - 11. Signs and Advertising. All signs on the airport shall comply with Airports Division Procedure 7.7 "Environmental Preservation Guidelines."
 - 12. Hedges and Fences.
 - a. Except as otherwise specified in this procedure, no hedge or fence shall be grown, constructed, or maintained on any lease boundary line or lines or in any setback area or an area which abuts a street.
 - b. No hedge or fence shall be grown, constructed, or maintained on or adjacent to any street setback line that exceeds six (6) feet in height or elsewhere within setback lines that exceeds ten (10) feet in height, without the prior written approval of the Department.
 - c. Fences shall be constructed and gates installed and controlled where necessary to restrict access from the street to the aircraft operations area; the design and placement of the fences and gates shall be subject to the written approval of the Department prior to installation.
 - 13. Outside Storage
 - a. No vehicle, equipment, material, supply, or product shall be stored or permitted to remain on any building site outside a permanent building unless such storage is suitably shielded from public view by an appropriate screen compatible in design with the permanent structure; the screen shall require the written approval of the Department prior to installation.
 - b. No aviation fuel shall be stored, except as approved by the Department, on any building site other than on aviation fuel storage areas reserved by the Department for such use, and in accordance with a valid written contract with the Department.
 - c. Activities that involve the dismantling of aircraft or the storage of salvaged aircraft, aircraft engines, air-frames, parts, or accessories shall comply with the provisions of this procedure for storage. Aircraft stored at the airport without a current airworthiness certificate (except for purposes of relicensing) may, at the discretion of the Department, be declared salvage aircraft and shall thereupon be treated as a salvaged aircraft for the purposes specified above.

D. Design and Construction of Improvements for All Segments.

- 1. General. No improvements of any kind shall be erected, altered, placed, assembled, or permitted to remain on a building site unless and until plans showing their type of use, location, size, and

architectural and engineering design have been approved in writing by the Department.

2. Plans Required. All plans for improvements shall be prepared by registered architects or engineers and shall include:

- a. Topographic, grading, drainage, and utility plans showing one (1) foot contours and spot elevators referenced to airport datum and a plot plan at a scale not smaller than one (1) inch equals one hundred (100) feet and showing the relationship of the proposed improvements on the building site to the improvements on the adjacent sites and to the utilities, streets, and taxiways.
- b. Preliminary plans and specifications of all proposed improvements in sufficient detail to determine compliance with these standards. The plans and specifications may be manufacturer's standard plans if sufficient. Plans shall be a suitable scale, but in no event smaller than 1/16-inch to the foot.
- c. Ground cover plans (including landscaping) which incorporate, at a minimum, the Department's general landscaping and paving requirements.
- d. An accurate architectural perspective of the proposed improvements, including the proposed exterior color schemes, style, materials, and design, working, and placement of all signs proposed.
- e. Any other plans, specifications, or design features requested by the Department.

3. Approval of Plans.

- a. Approval of plans and specifications for compliance with this procedure and for aesthetics shall be at the discretion of the Department .
- b. Approval of plans and specifications may be withheld because of failure to comply with this procedure.

4. Plans for Alterations to Improvements. All plans for alterations to the building site either for the construction of additional improvements or for alterations to existing improvements which are visible from the exterior of any building or which affect the structural system of any building or change any grade or landscaping, shall be prepared, submitted, and approved under the applicable provisions of this procedure.

5. Issuance of Building and Related Permits. Prior to obtaining necessary building and other related permits, lessees shall obtain written approval from the Department stating that the uses and plans for the lessee's building site have been approved by the Department as being in full compliance with this procedure.

E. Special Requirements for Airline Maintenance Hangar Area.

1. Permitted Uses. Any use which involves the operation of a facility for the maintenance and overhaul of air carrier aircraft, engines, parts, accessories, and equipment. The sale of aviation services and the offering of any services, or repairs of any type to the general public shall be specifically prohibited. Permitted activities shall include, but not be limited to, the following:

- a. The loading and unloading of aircraft.
- b. The maintaining, storing, and servicing of aircraft, which shall include overhauling, rebuilding, repairing, inspecting and licensing, and the purchasing and selling of parts, equipment, and accessories.
- c. The right of sale, disposal, and exchange of aircraft, aircraft parts and accessories therefor, and aviation equipment of every description as incident to the conduct of maintaining and overhauling air carrier aircraft, but not as distributor or as a dealer of same.
- d. The training of lessee's personnel but not members of the general public in any art, .

science, craft, or skill pertaining directly or indirectly to aircraft.

- e. The operation of offices and facilities incident to the conduct of lessee's business.

2. Building Site Requirements.

a. On-line Maintenance Hangar:

- (1) Minimum Site Area 2 acres
- (2) Maximum Site Coverage 30%
- (3) Minimum Landscaping Coverage 5%

b. Airline Maintenance Base:

- (1) Minimum Site Area 5 acres
- (2) Maximum Site Coverage 30%
- (3) Minimum Landscaping Coverage 5%

3. Setback Requirements.

- a. Front Setback Line 25 ft. minimum
- b. Side Setback Line 10 ft minimum, on each side
- c. Rear Setback Line 10 ft minimum

4. Other Requirements. Engine runups shall be confined to soundproof test cell blocks or equivalent mobile suppressors.

F. Special Requirements for Cargo Mail Area.

1. Permitted Uses. Any use which involves the operation of a facility for the handling and storage of air cargo and mail shall include, but not be limited to, the following:

- a. The loading and unloading of aircraft.
- b. The receiving, delivering, dispatching, processing, handling and storing of air cargo, express, mail, and other property.

2. Building Site Requirements.

- a. Minimum Site Area 1 acre
- b. Maximum Site Coverage 50%
- c. Minimum Landscaping Coverage 5%

3. Setback Requirements.

- a. Front Setback Line 2
5 ft. minimum
- b. Side Setback Line 10 ft. minimum on each side
- c. Rear Setback Line 10 ft. minimum

G. Special Requirements for Aviation Support Area.

1. Permitted Uses. Any use which involves the operation of a facility to support the authorized

businesses and services of others holding valid leases, contracts, or permits in the terminal complex shall include, but not be limited to, the following:

- a. Inflight kitchens or catering services.
- b. Airport employee cafeteria.
- c. Offices and storage areas.
- d. Ground transportation maintenance and storage areas.
- e. Communications and meteorological facilities.
- f. Airline training schools.

2. Building Site Requirements.

- a. Minimum Site Area 1 acre
- b. Maximum Site Coverage 50%
- c. Minimum Landscaping Coverage 5%

3. Setback Requirements.

- a. Front Setback Line 15 ft minimum
- b. Side Setback Line 10 ft minimum on each side
- c. Rear Setback 10 ft minimum

H. Special Requirements for General Aviation Commercial Fixed Base Operator Area.

1. Permitted Uses. Any business or service involving the sale of general aviation commercial services to the general public shall include, but not be limited to, the following as authorized in the lease from the Department to the lessee:

- a. Aircraft servicing, repair, maintenance and storage.
- b. Sales of new and used aircraft and aircraft parts, accessories, equipment, and materials at retail and wholesale prices.
- c. Storage and vending of aircraft fuels, lubricants, and propellants.
- d. Aerial photography, survey, and mapmaking services.
- e. Air taxi, ambulance, and sightseeing services.
- f. Nonscheduled, sightseeing, and charter services for the transportation of passengers, freight, cargo, and mail.
- g. Flight schools--unless the Department has prohibited flight school activity at the airport and has provided adequate alternate landing facilities for this activity.
- h. Offices, services, and retail activities complementary to the uses set forth above.

2. Building Site Requirements.

- a. Minimum Site Area 2 acres
- b. Maximum Site Coverage 30%
- c. Minimum Site Coverage 5%

d. Minimum Improvements:

- (1) Aircraft shop and maintenance hangar 10,000 sq. ft.
- (2) Office administration building 1,000 sq. ft.
- (3) Paved apron area with access to hangar 40,000 sq. ft.

e. Minimum Landscaping Coverage 5%

3. Setback Requirements.

- a. Front Setback Line 25 ft. minimum
- b. Side Setback Line 10 ft. minimum on each side
- c. Rear Setback Line 10 ft. minimum

I. Special Requirements for General Aviation Non-Commercial Area.

- 1. Permitted Uses. Any industrial, corporate, or business lessee that desires to hangar or accommodate one or more aircraft it owns or operates solely in connection with the internal conduct of its business for the transporting, not for hiring, of lessee's personnel, patrons, materials, and products shall be permitted to engage in certain activities including the following:
 - a. The loading and unloading of aircraft.
 - b. The maintaining, storing, and servicing of aircraft owned or operated and hangared by each such lessee on its building site by its own full-time employees.
 - c. The right of sale, disposal, and exchange of aircraft and their parts and accessories and of aviation equipment as directly incident to the conduct of maintaining and overhauling aircraft owned or operated and hangared by the lessee, by not as a regular business activity, or as a distributor or as a dealer of same.
 - d. The training of the lessee's personnel but not members of the general public in any art, science, craft, or skill pertaining directly or indirectly to aircraft owned or operated and hangared by the lessee.
 - e. The operation of offices and facilities incidental to the operation of the lessee's business.
- 2. Prohibited Uses. No use of noncommercial general aviation areas shall be permitted which, in the opinion of the Department will directly or indirectly compete with, impair, or restrict commercial aviation activities in the commercial aviation areas defined in subsection 7.6.04 H above.

3. Building Site Requirements.

- a. Minimum Site Area 30,000 sq. ft.
- b. Minimum Site Width 100 ft.
- c. Maximum Site Coverage 60%
- d. Minimum Landscaping Coverage 5%

4. Setback Requirements.

- a. Front Setback Line 25 ft.
- b. Side Setback Line 10 ft. minimum on each side
- c. Rear Setback Line 10 ft. minimum

J. Special Requirements for Fuel Farm Area.

1. Permitted Uses. The maintenance and operation of bulk storage facilities for gasoline, oil, grease, lubricants, and other fuels necessary for the operation of aircraft.
2. Prohibited Uses. No use of the fuel farm area shall be permitted which in the opinion of the Department will directly or indirectly compete with, impair, and restrict general aviation commercial activities as defined in this procedure. No aviation fuel or propellant may be purchased, stored, sold, or handled in these areas except by an aviation fuel vendor or user authorized under written contract by the Department to provide such fueling service at the airport. The servicing of aircraft in this area shall be specifically excluded.
3. Building Site Requirements.
 - a. Minimum Site Area 2 acres
 - b. Minimum Landscaping Coverage A minimum of two (2) feet
inside the fencing abutting or
facing a public right-of-way
4. Setback Requirements. As specified by the State Fire Marshall, or other governing agency.
5. Other Requirements.
 - a. In addition to the requirements in this procedure, the installation of improvements in the fuel farm area shall be subject to the requirements of county, state and federal agencies.
 - b. Each building site shall be completely enclosed by fences, with gate installed where necessary for access. Fences shall be installed on the lease boundary lines, except on the side of the building site that faces the common-use service road.

The fence line shall be consistent with existing fencing, and its location shall be subject to the prior written approval of the Department. The design of fences and gates shall be subject to the written approval of the Department prior to installation.
 - c. All ground areas not covered by fuel storage facilities, paving, or landscaping shall be covered only with gravel the installation and specification of which shall be subject to the written approval of the Department prior to installation.

K. General Provisions.

1. Conformance of Existing Improvements. All existing buildings and improvements on the airport shall be exempt from the provisions of this procedure for the duration of their present leasehold terms; provided, however, that no changes, alterations, or extensions shall be made to any existing improvements except in accordance with this procedure.
2. Continuity of Procedure.
 - a. This procedure shall apply to all development of airports operated by the Department.
 - b. This procedure may be revised as required by the Department to retain flexibility to permit the adoption of new techniques, materials, criteria, etc.
3. Variances.
 - a. The provisions of this procedure and any request for variances from them are to be interpreted, administered and enforced by the Director.
 - b. Any tenant or prospective tenant may request a variance.
 - c. Requests for variances shall be made in writing to the Director.

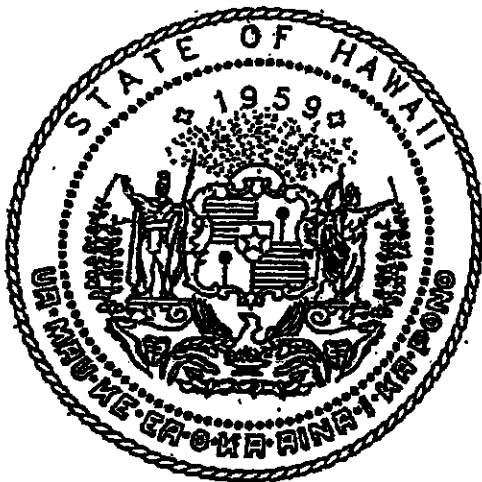
d. The Director shall either approve or disapprove requests for variance within thirty days from filing.

(1) If approved, the variance shall be issued immediately.

(2) If disapproved, the Director shall provide a written statement setting forth the reasons for disapproval.

TENANT IMPROVEMENT GUIDELINES

AIRPORTS DIVISION
DEPARTMENT OF TRANSPORTATION
STATE OF HAWAII



DOCUMENT REVISED: DECEMBER 1991 PROJECT NO. AO1030-10

PROGRAMANAGEMENT
HONOLULU INTERNATIONAL AIRPORT

APPENDIX C
ATTACHMENT 3

A.

GENERAL INFORMATION

1. **PURPOSE:** The Tenant Improvement Guidelines (TIG) are minimum quality standards set by the State of Hawaii, Department of Transportation, Airports Division for Tenants to adhere to regarding any improvements to their leased space.
2. **APPLICABLE PARTIES:** The TIG applies to all State of Hawaii, Department of Transportation, Airports Division Tenants (lessees and permittees) including, but not limited to the following:
 - A. Concessionaires
 - B. Airlines
 - C. Services
 - D. Fixed base operators
3. **TYPE OF IMPROVEMENTS/WORK APPLICABLE:**
 - A. The TIG applies to the following types of improvements:
 1. Initial construction (including new leases)
 2. Renovation
 3. Relocation to a new and/or different leased space
 4. Repair
 5. New, renovated, or relocated signage, displays and fixtures
 - B. Types of work requiring conformance to the TIG:
 1. **CIVIL WORK** - See "Development Standards for Leased Airport Property" Procedure No. 11.7, 3/1/85.
 2. **ARCHITECTURAL WORK**
 - a. Flooring
 - b. Walls
 - c. Ceilings
 - d. Lighting
 - e. Public entrances and storefronts (as applicable)
 - f. Merchandising display fixtures (as applicable)
 3. **MECHANICAL WORK**
 - a. Plumbing
 - b. Air conditioning and Ventilation
 - c. Sprinkler systems

4. ELECTRICAL WORK

- a. Electrical power
- b. Fire/Smoke detecting machines
- c. Telephone systems
- d. Communications
- e. Security systems
- f. Music systems

5. SIGNAGE

4. PROCEDURES FOR TENANTS TO FOLLOW: The Tenant shall adhere to the following procedure:

A. **PLAN APPROVAL CHECKLIST:** *This State of Hawaii, Department of Transportation, Airports Division document is a key to avoiding delays later. (See sheets A-3 - A-5) When you meet with each of the individuals indicated, they will discuss concerns and approvals that you can plan for if you get the information early.*

- 1. **Part 1 of 3 Parts: PRELIMINARY PLANING REVIEW:** *Covers initial discussions that you may have completed. If not, it is to your advantage to visit these people and learn their concerns.*
- 2. **Part 2 of 3 Parts: ENGINEERING REVIEW:** *Meet with the Airports Division - Engineering Department State Project Manager assigned to your project to discuss these items and learn which items apply to your project. You will want to know this before you hire an Architect to design your space.*
- 3. **Part 3 of 3 Parts: FINAL APPROVAL/CONSTRUCTION:** *Before you begin construction all but item 2.b. must be completed. Item 2.b is performed at the end of the construction process.*

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION

PLAN APPROVAL CHECKLIST

AIRPORT: _____

DATE: _____

LESSEE: _____

PLAT: _____ SPACE _____

PART 1 OF 3 PARTS
PRELIMINARY PLANNING REVIEW

1. Preliminary review of project concept:

- a. Architectural theme - recommend approval/disapproval
- b. Operational and airport layout plan conformance - recommend approval/disapproval
- c. Requires FAA review and approval - yes/no
- d. Comments:

ADM

DATE

2. Preliminary review of project concept:

- a. Concept - approved/disapproved
- b. Comments:

AIR

DATE

3. Property Management:

- a. Lease requirements - conforms/does not conform
- b. Administrative rules
 - (1) Insurance required: _____
 - (2) Environmental guidelines - conforms/does not conform.
- c. Comments:

AIR-PM

DATE

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION

PLAN APPROVAL CHECKLIST

PART 2 OF 3 PARTS
ENGINEERING REVIEW

1. Submission of Plans and Specifications for construction approval shall include:
 - a. Part I "PRELIMINARY PLANNING REVIEW"
 - b. Plans and Specifications (2 copies)
 - c. Environmental Determination, and EIS, as applicable.
2. Engineering Branch
 - a. Planning _____
 - b. Property Resources _____
 - c. Maintenance/Civil Requirements _____
3. Permits Required
 - a. County Building Permit YES NO
 - b. Tank Installation Permit YES NO
 - c. Other _____ YES NO

Resubmittal Required YES NO

COMMENTS:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION

PLAN APPROVAL CHECKLIST

PART 3 OF 3 PARTS
FINAL APPROVAL/CONSTRUCTION

1. Transmitted to ADM.

a. Permits Required:

- (1) County Building Permit
- (2) Tank Installation
- (3) Other

b. Construction Plans and
Specifications (1 copy)

c. Part I Preliminary Plan
Review and Part II Engineer-
ing Review

2. Notice to Proceed with Construction

by ADM

a. Preconstruction Meeting

- (1) Storage Sites
- (2) Security requirements
- (3) Haul routes
- (4) Other

b. Inspection and Receipt of
"As-Built" plans (2 copies)

by ADM

- B. Review these guidelines.
- C. Design improvements to conform to the TIG.
- D. Follow the Submittal/Review Procedures (see Section II) before initiating any improvements or construction.

5. DEFINITIONS:

ADM	Airport District Manager - Airport official in charge of the airport.
AIR	<i>Airports Division - Airports Administrator. The chief of all of Hawaii's Airports.</i>
AIR-E	<i>Airports Division - Engineering. The airports' engineering department that supervises the planning, design, construction, inspection and maintenance of facilities for the State airport system.</i>
AIR-PM	<i>Airports Division - Property Management. The state level division dealing with the divisions properties and facilities available for public and private use.</i>
DEP-A	<i>Deputy Director of Transportation - Airports Division</i>
FAA	<i>Federal Aviation Administration.</i>
Leaseline	Physical limits of the leased space as defined by the State.
Loft space	The Tenant's space in a building, provided by the State, with structurally framed demising walls and ceilings with no finishes included, structural roof, floors, walls, and non-structural demising walls broom-finish flooring ready for finish flooring application, and electrical and mechanical stubouts for the Tenant to connect <i>their</i> systems to.
State, Lessor	State of Hawaii, Department of Transportation, Airports Division.
State representative	Airport District Manager or <i>the Airport District Manager's agent or designee.</i>
Tenant	Lessee or permittee - one who enters into an agreement with the State in accordance with the lease or permittee agreement.
TIG	<i>Tenant Improvement Guidelines. This document.</i>
Working Days	<i>Calendar days excluding both weekend days and all State of Hawaii holidays.</i>

B. SUBMITTAL/REVIEW PROCEDURES

PHASE I - TENANT SPACE IMPROVEMENT REQUEST:

1. The Tenant shall submit the original and three (3) copies of the following to the Airport District Manager's office:
 - A. TIG Phase I - Tenant Space Improvement Request Form, *see sheet B-2* and obtainable *a full size copy* at the Airport District Manager's office.
 - B. Airport Site Plan, indicating the project location.
 - C. Preliminary sketch of plans/proposals.
2. The State will review the submittal and will respond in writing with one of the following:
 - A. Proceed onto Phase II.
 - B. Proceed onto Phase II and make the following revisions/modifications (the State will list these).
 - C. Resubmit and make the following revisions/ modifications (the State will list these).

~~{Allow approximately two (2) weeks for this review period.}~~

PHASE II - TENANT SPACE IMPROVEMENT REVIEW:

1. The Tenant is to submit the original and three (3) copies of the following to the Airport District Manager's office:
 - A. All items submitted in Phase I. Provide any revised or additionally known information.
 - B. Letter of recommendation from the State to proceed onto Phase II.
 - C. TIG Phase II - Tenant Space Improvement Review Form, *see sheet B-3* and obtainable *a full sized sheet* at the Airport District Manager's office.
 - D. Detailed working drawings and specifications. The Tenant is required to conform to the Tenant Improvement Guidelines in effect on the date the Phase II Tenant Space Improvement Review submittal is received by the State.
 - E. Construction, Protection of Work In Place, & Barricade plans.
 1. See Section IV.F., Construction Requirements
 2. See Section IV.G., Protection of Work in Place

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
TENANT IMPROVEMENT GUIDELINES
PHASE I - TENANT SPACE IMPROVEMENT REQUEST FORM

	To be filled in by the State:
Name of Tenant	Date Received
Name of Airport	Lease No.
Location of Tenant's Space	Submittal No.
Companies Name	Person to Contact
Address (No., Street)	Phone No.
Address (City, State, Zip Code)	

Description of Work to be done (check a box and describe below):

<input type="checkbox"/> New Construction	<input type="checkbox"/> Demolition	<input type="checkbox"/> Electrical	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Renovation	<input type="checkbox"/> Repair	<input type="checkbox"/> Mechanical	

Estimated starting date: _____ Estimated completion date: _____

Included for submittal are the following:

1. Site Plan indicating the project location.
2. Preliminary sketch of plans/proposals.

I hereby acknowledge that I have read this application and state that the above and all other items included for submittal are correct and agree to comply with the State of Hawaii, Department of Transportation, Airports Division Tenant Improvement Guidelines and all City & County ordinances and State laws regulating building construction in effect on the date this form was submitted.

Signature	Date
Print Name	Print Title

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
TENANT IMPROVEMENT GUIDELINES
PHASE II - TENANT SPACE IMPROVEMENT REVIEW FORM

	To be filled in by the State:
Name of Tenant	Date Received
Name of Airport	Submittal No.

Architecture Company	Project Architect
Address (No., Street)	Phone No.
Address (City, State, Zip Code)	State License No.

Special Provisions needed: (ex: utilities, equipment, etc.)

	Estimator
Estimating Companies Name	
Company State License No. & State Licensed In	Phone No.
Estimated construction cost \$	
(Attach Estimation Forms)	
Application deposit (attached) \$	
<input type="checkbox"/> 5% or ____ % of the estimated construction cost, or <input type="checkbox"/> a flat rate	

Estimated starting date: _____	Estimated completion date: _____
--------------------------------	----------------------------------

Included for submittal are the following:
1. All items submitted in Phase I.
2. Letter of recommendation from the State to proceed onto Phase II.
3. Detailed working drawings and specifications.
4. Construction, Protection of Work in Place, and Barricade Plans.
5. Color boards and material samples (if applicable).
6. Application deposit.

I hereby acknowledge that I have read this application and state that the above and all other items included for submittal are correct and agree to comply with the State of Hawaii, Department of Transportation, Airports Division Tenant Improvement Guidelines and all City & County ordinances and State laws regulating building construction in effect on the date this form was submitted.	
Signature	Date
Print Name	Print Title

- F. Color boards and material samples (if applicable).
 - G. Application Deposit. See Section IV.D., Application Deposit.
2. The State will review the submittal and will respond in writing with one of the following:
 - A. Proceed onto Phase III.
 - B. Proceed onto Phase III and make the following revisions/modifications (the State will list these).
 - C. Resubmit and make the following revisions/ modifications (the State will list these).

~~(Allow approximately 3 weeks for this review period.)~~

PHASE III - TENANT SPACE IMPROVEMENT PRECONSTRUCTION PERIOD:

1. The Tenant is to submit the original and three (3) copies of the following to the Airport District Manager's office:
 - A. Letter of recommendation from the State to proceed onto Phase III.
 - B. TIG Phase III - Tenant Space Improvement Preconstruction Period Form, *see sheet B-5 and obtainable a full sized sheet* at the Airport District Manager's office.
 - C. Letter to the State
 1. Indicating the construction period. The letter to be received by the State a minimum of 10 working days prior to commencement of construction.
 2. Requesting a preconstruction meeting. See Section IV.E., Preconstruction Meeting.
 - D. Construction Work Schedule
2. The Tenant and State shall coordinate a convenient preconstruction meeting date and time.

PHASE IIIA - REQUEST FOR DESIGN CHANGE

The Tenant shall submit this form and the drawings and change orders that direct changes to the Airport District Manager's office, if there has been a scope change in the project. See sheet B-6.

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
TENANT IMPROVEMENT GUIDELINES
PHASE III - TENANT SPACE IMPROVEMENT PRECONSTRUCTION PERIOD FORM

Name of Tenant	Date
Name of Airport	Submittal No.

Supervisor in Charge of Construction	Association with Company
Company Name (if applicable)	Phone No.
Address	
Contracting Company	Contractor
Address (No., Street)	Phone No.
Address (City, State, Zip Code)	License No. & State Licensed In
Electrical Company	Electrical Contractor
Address (No., Street)	Phone No.
Address (City, State, Zip Code)	License No. & State Licensed In
Plumbing Company	Plumbing Contractor
Address (No., Street)	Phone No.
Address (City, State, Zip Code)	License No. & State Licensed In
Company (Other - specify)	Person to Contact
Address (No., Street)	Title/License No.
Address (City, State, Zip Code)	Phone No.

<p>I hereby acknowledge that I have read this application and state that the above and all other items included for submittal are correct and agree to comply with the State of Hawaii, Department of Transportation, Airports Division Tenant Improvement Guidelines and all City & County ordinances and State laws regulating building construction in effect on the date this form was submitted.</p>	
Signature	Date
Print Name	Print Title

REQUEST FOR DESIGN CHANGE

Project Description: _____

Project No.: _____

Change requested by: _____ Date Received: _____

Tenant's Reason for Change: _____

Evaluation of Request: _____

Evaluated by: _____ Date: _____

Recommend Approval/Disapproval:

AIR-E

Date

CONCUR/DO NOT CONCUR:

AIR

Date

Approved/Disapproved:

DEP-A

Date

PHASE IV - TENANT SPACE IMPROVEMENT CONSTRUCTION COMPLETION:

1. The Tenant is to submit to the Airport District Manager's office:
 - A. As-built drawings of work completed.
 1. On 24" x 36" sheets reproducible for blueprinting.
 2. Three (3) blueprint copies.
 - B. Letter to the State (the original and three (3) copies) indicating the construction completion date
 2. Requesting an on-site conformance to the TIG review. See the TIG Conformance Review Forms *on sheets B-8 through B-11*.
-
2. The Tenant and State shall coordinate a convenient on-site TIG conformance review date and time.

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
TENANT IMPROVEMENT GUIDELINE
CONFORMANCE REVIEW FORM

SUBMITTAL NO.: _____
SUBMITTAL DATE: _____

COMPANIES NAME: _____

PERSON TO CONTACT: _____

PHONE NO.: _____

ARCHITECTURAL CO.: _____

PROJECT ARCHITECT: _____

PHONE NO.: _____

DESCRIPTION OF SUBMITTAL: _____

TENANT'S NAME: _____

AIRPORT'S NAME: _____

SPACE LOCATION: _____

LEASE NO.: _____

Section	Title	Not Applicable	Acceptable	Recommended Revisions/Modifications
IV B.	Consultant Requirements			
IV F.	Construction Requirements			
IV G.	Protection of Work In Place			
VI A.1.a.	Mech. - Plumbing			
VI A.1.b.	Mech. - Air Conditioning			
VI A.1.c.	Mech. - Sprinkler Systems			
VI A.2.a.	Elec. - Electrical Power			
VI A.2.b.	Elec. - Fire/Smoke Detecting Systems			
VI A.2.c.	Elec. - Telephone Systems			
VI A.2.d.	Elec. - Communication Systems			
VI A.2.e.	Elec. - Security Systems			
VI A.2.f.	Elec. - Music Systems			
VI A.3.a.	Arch. - Flooring			
VI A.3.b.	Arch. - Walls			
VI A.3.c.	Arch. - Ceilings			
VI A.3.d.	Arch. - Lighting			
VI A.3.e.	Arch. - Public Entrances & Storefronts			
VI A.3.f.	Arch. - Merchandising Displays & Fixtures			
VI A.4.	Signage			

This submittal has been reviewed in regards to conformance of the above listed Tenant Improvement Guidelines (T.I.G.), not in regards to conformance to Section IV.A. Code Requirements and Regulations of the T.I.G.

RECOMMEND: _____

RESUBMITTAL (ATTACH THIS FORM)

PROCEED TO NEXT PHASE & MAKE THE ABOVE LISTED REVISIONS/MODIFICATIONS

PROCEED TO NEXT PHASE

INITIAL: _____

DATE: _____

Name of Tenant: _____ Submittal Date: _____
 Name of Airport: _____ Submittal No.: _____
 Location of Tenant's Space: _____ ☐ Phase I Review
 Lease Number: _____ ☐ Phase II Review

Division	Reviewed by (Initials)	Date	Acceptable	Recommended Revisions/Modifications
AIR-E				
AIR-O				
AIR-PM				

Authorized By: _____

Print Name _____ Title _____

Signature _____ Date _____

Tenant Improvement Guidelines
Page B - 9

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
TENANT IMPROVEMENT GUIDELINES
COMPLETION OF CONSTRUCTION
CONFORMANCE REVIEW FORM

Name of Tenant: _____ Date: _____
Name of Airport: _____ Submittal No: _____
Location at the Airport: _____ Lease No.: _____
Companies Name: _____
Supervisor of Construction: _____ Title: _____
State Review By: _____ Title: _____

As approved regarding the accepted Phase II submittal by the Airports Division
Changes made - specify below:

Reasons for changes:

Deposit amount \$ _____

Amount of deposit refunded \$ _____

Paid to: _____ Date: _____

By: _____ Check No.: _____

Balance withheld \$ _____

Reasons for withholding partial or full deposit:

Balance due if applicant performs the following \$ _____

by the date of: _____

Received by the tenant (signature)

Print Date

Print Name

Print Title

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
TENANT IMPROVEMENT GUIDELINES
NON-CONFORMANCE NOTICE

Name of Tenant: _____ Date: _____

Name of Airport: _____ Lease No.: _____

Location at the Airport: _____

Companies Name: _____

Date of Observation: _____

Description of Violation:

A violation fine of \$ _____/day will be incurred until the following has been remedied and approved by the Airports Division:

Failure to comply will result in the Oahu District Airports Division agent's authority to:

at the tenant's expense.

Airports Division Agent _____ Title _____ Date _____

C.

INTERPRETATION

1. CLARIFICATION AND FINAL DETERMINATION:

- A. If the TIG and the lease documents differ, the lease documents govern.
- B. All questions relating to clarification of specific sections shall be directed in writing to the Airport District Manager.
- C. The State has the right, at any time, to revise the TIG and the Tenant is responsible for conforming to the current TIG *all Tenant improvements must conform to the TIG currently in effect. Written notice of changes will be sent to all Tenants.*
- D. Any deviations from this TIG may only be permitted after written approval by the Airport District Manager is given.
- F. Each airport may, in addition to these guidelines, have other rules and regulations which refer specifically to that particular airport and the Tenant is responsible for adhering to those rules and regulations in effect on the date the Phase II submittal is received by the State.
- G. In the event that there is a discrepancy on interpretation of these guidelines or any other applicable rules or regulations, the Airport District Manager has the right to final authority and determination of which rules to follow.

D.

GENERAL REQUIREMENTS

1. CODE REQUIREMENTS AND REGULATIONS:

- A. All use, occupancy, division, type of construction shall be indicated on all plans.
- B. All plans, specifications, calculations, and methods of construction shall meet the requirements of the following published codes, laws, and orders in effect at the time the plans are submitted for the Phase II Tenant Space Improvement Review. In the case of dual application, the higher standard shall prevail.
 - 1. Uniform Building Code
 - 2. National Electric Code
 - 3. Uniform Plumbing Code
 - 4. Uniform Mechanical Code
 - 5. National Fire Codes, National Fire Protection Association
 - 6. All applicable laws and regulations of the United States of America.
 - 7. All applicable laws and regulations of the State of Hawaii.
 - 8. All applicable laws and regulations of the respective City and County.
 - 9. All applicable laws and regulations of the Federal Aviation Administration (FAA), including airfield security requirements.
 - 10. All rules, regulations and requirements established by the airport regarding
 - a. Airport operations
 - b. Safety and convenience of the public
 - c. Safeguarding and protection of airport property
- C. Other Requirements:
 - 1. State of Hawaii, Department of Transportation, Airports Division, 1984 Signage and Graphics Design Manual
 - 2. State of Hawaii, Department of Transportation, Airports Division, Environmental Preservation Guidelines, Procedure No. 7.8 (5-1-90).
 - 3. *Honolulu International Airport, Retail Storefront Design Criteria, February 1986.*

4. *Kauai - Lihui Airport. Ground Transportation and Rental Car Tenants locating in Ground Transportation Sub-division Project No. 1095 area must comply with the following.*

Comprehensive Zoning Code, County of Kauai, Limited Industrial District.

Additional (Improvement) Requirements established by the Department of Transportation, Airports Division.

- D. Control of Materials: No asbestos, PCB, or any toxic or hazardous materials or products shall be allowed.

2. CONSULTANT REQUIREMENTS:

- A. All design documents that detail the nature, extent, and quality of proposed work shall be prepared, stamped, and signed by a licensed professional architect or engineer registered in the State of Hawaii.
- B. Drawings and specifications prepared by contractors or fabricators shall not be accepted unless they are supplemental to those prepared by a licensed architect or professional engineer *registered in the State of Hawaii* and bear his or her stamp.

3. OBTAINING INFORMATION ON EXISTING CONDITIONS:

- A. The Tenant shall be responsible for obtaining all necessary information regarding the existing condition of *the* leased space as it relates to the *planned* improvements.
- B. Tenant loft space as-built information may be obtained at the Airport's Engineering Branch (AIR-E).
 1. Existing facilities and utility service data shall be verified at the job site by the Tenant.
 2. For airport facilities in the process of development, preliminary and/or final drawings and specifications are available from the Airport's Engineering Branch (AIR-E).

4.-----APPLICATION-DEPOSIT:

- ~~A.-----The application deposit is a reimbursable fee ensuring the State that conforming to the TIG and all items submitted in Phase II of the Submittal/Review Procedures will be met.~~
- ~~B.-----The deposit will be reimbursed, in full, upon observation and acceptance of work completed in conformance to the TIG and all items submitted in Phase II.~~

- ~~G.-----Failure to conform to the TIC and Phase II submittal, shall entail partial or full withholding of the deposit by the State until conformance is met. See Section V., ENFORCEMENT.~~
- ~~D.-----The deposit amount is to be 5% of the estimated construction cost (as determined by an architect or engineer registered in the State of Hawaii), or an amount determined by the Airport District Manager or his or her acting agent.~~
- ~~E.-----The deposit may be in the form of cash, a certified check, security bond from a reputable company, or in another form as approved in writing by the Airport District Manager.~~

5. PRECONSTRUCTION MEETING:

- A. The Tenant is responsible for arranging a preconstruction meeting with the Airport District Manager and the Tenant's contractor
1. prior to issuance of notice to proceed with construction
 2. a minimum of 5 days before commencement of construction
 3. to discuss the following:
 - a. storage of construction materials
 - b. security requirements
 - c. haul routes
 - d. minimum insurance requirements
 - e. other applicable items
- B. All the necessary parties listed below are required to be present at this meeting:
1. Tenant or acting agent
 2. Supervisor in charge of construction (employed by the Tenant)
 3. All contractors
 4. All subcontractors
 5. Airport District Manager or acting agent

6. CONSTRUCTION REQUIREMENTS:

- A. All work shall be accomplished with a constant effort to eliminate unnecessary noise, dust, obstructions, and other annoyances. *Construction personnel may not employ radios, recorders or other sound amplification devices which intrude upon the quiet of public or adjoining Tenant areas.*
- B. At all times, the contractor shall not unreasonably encumber the premises with unused materials, equipment and scaffolds.
- C. All demolition must be coordinated with the Airport District Manager.

- D. All demolished and waste materials shall be immediately removed from the airport.
- E. The contractor shall properly protect, relocate, or remove, if necessary, all utilities encountered in work subject to prior notification and written approval by the Airport District Manager.
- F. At all times, construction shall not disrupt normal airport operations. Outages for water, power, communications, air conditioning or any other utility, if necessary, shall be kept to a minimum and scheduled for off-peak hours, generally from 12:00 am to 6:00 am. Written requests for such outages must be obtained by the Engineer not later than one hundred twenty (120) hours in advance. The Contractor shall not proceed with such outages until written approval *from the Airport District Manager* is received.
- G. At all times, construction work adjacent to any public use, employee service, or corridor areas shall be --
 - 1. completely visually screened;
 - 2. acoustically insulated with plywood or similar materials;
 - 3. appropriately painted or finished with a color compatible to the surrounding airport architectural elements or with visually appealing graphics;
 - 4. all of the above are subject to prior review and written approval by the Airport District Manager.
- H. The Tenant shall be responsible for any actions or work done by the contractor *the Tenant* has hired or anyone working on *the Tenant's* behalf.
- I. The Tenant shall designate a representative to supervise construction prior to initiating any construction.
 - 1. Designation of the representative shall be subject to *written* approval by the Airport District Manager.
 - 2. The designated representative shall be responsible for the supervision of construction and should be available to resolve any questions, or problems which may arise.

7. PROTECTION OF WORK IN PLACE:

- A. Existing elements subject to damage because of construction operations shall be substantially protected by the Tenant's contractor.
- B. Temporary openings, used as thoroughfare areas during construction, shall have heads, jambs, and sills well blocked and boarded.

- C. Any damages incurred, during any period of construction, to any property not belonging to the Tenant shall be replaced, refurbished, or reconstructed in kind by the Tenant, at the sole expense of the Tenant to the satisfaction of the Airport District Manager or his *or her* acting agent. ***If the Tenant fails to do so, the State will make the repairs at the Tenant's expense.***

E.

ENFORCEMENT

1. COMPLETION OF CONSTRUCTION, TIG CONFORMANCE REVIEW:

- A. Upon completion of construction of improvements or work applied for and *written acceptance* by the State, the Tenant is responsible for arranging a TIG Conformance Review on-site meeting with the Airport District Manager or *the acting agent of the State* (hereon referred to as the State representative).
- B. The State representative will review the work done in regards to conformance to the TIG and to all items submitted in and with the Phase II Tenant Space Improvement Review Form.
- C. The State representative will fill out the State's Completion of Construction Review Form as it applies to work completed.
- D. If the State representative agrees that conformance has been met, *the State representative* will reimburse the application deposit (see Section IV.D., Application Deposit) in full to the Tenant.
- E. If the State representative feels that conformance has not been met, *the State representative* has the right to withhold a partial or full deposit amount, determined at *the State representative* discretion, until conformance to the TIG and/or the Phase II submittal is met and another on-site review is arranged and accepted.
- F. In the event that the Tenant does not comply with the TIG and/or the Phase II submittal within a reasonable period of time (as set by the State representative), the State has the right to renovate, remove, relocate, repair or construct any type of work necessary to meet TIG conformance and the Tenant shall be responsible for paying the State for all expenses incurred.

2. TENANT SPACE IMPROVEMENT WITHOUT TIG CONFORMANCE AND PROPER SUBMITTAL/REVIEW PROCEDURES AND ACCEPTANCE:

- A. The State has the right to stop, remove, relocate, or demolish any work done by the Tenant without proper prior TIG Submittal/Review Procedures and acceptance by the State.
- B. Any expenses incurred by the State to do the above shall be at the sole expense of the Tenant.
- C. The State also has the right to enforce a violation fee, as determined by the State representative or as designated in the Tenant's lease documents.

F. TENANT IMPROVEMENT GUIDELINES

~~These guidelines are to be adhered to as applicable to the type of Tenant Improvement work to the leased space for All Tenants in All of the State of Hawaii Airports:~~

All Tenants in All the State of Hawaii Airports must adhere to these guidelines for all leased spaces.

A. CIVIL GUIDELINES (RESERVED)

B. ARCHITECTURAL GUIDELINES

1. FLOORING

A. **Design Intent:** Provide a flooring consistent with the overall character of the airport, compatible to the surrounding elements, and with quality standards appropriate to the type of use that is intended.

B. **State's Provisions:**

1. Finish flooring material in the public areas, carried up to the leaseline of the Tenant's space.
2. Provide the Tenant with the loft space flooring broom clean and ready to receive the Tenant's finish flooring.

C. **Tenant's Requirements:**

1. Tile flooring

a. In public use areas

1. High traffic use commercial quality tile flooring such as, but not limited to the following

- a. Paver tiles
- b. Ceramic tiles
- c. Porcelain tiles

2. Vinyl flooring (V/C tile) is not permitted.

a. In private use areas

1. High traffic use commercial quality tile flooring such as, but not limited to the following:

- a. Paver tiles
- b. Ceramic tiles
- c. Porcelain tiles

2. Vinyl flooring (V/C tile) is permitted.

2. Carpeting

a. In public use areas: High traffic use commercial quality carpeting with the following minimum standards:

1. Components

- a. Face yard with a minimum weight of 30 oz. per square yard
- b. 100% nylon fiber
- c. Built-in soil, stain, and static resistance
- d. All synthetic backing material

2. Construction

- a. Woven thru-back
- b. Maximum pile thickness: .250
- c. Minimum pile thickness: .210
- d. Minimum rows per inch: 8.0

3. Color and/or Pattern: Solids or patterns to be selected from the manufacturer's standard color line

4. Installation: Direct glue-down in accordance with manufacturer's specifications.

5. Applicable Standards: Materials and installation must meet federal, state, and local ordinances.

b. In private use areas: Any type of carpet meeting National Fire Protection Association requirements.

3. The flooring selection is subject to *written* approval by the State in regards to the following standards:

- a. Keeping in character with the airport
- b. Compatibility with the surrounding elements
- c. Color
- d. Pattern
- e. Quality
- f. Safety
- g. Installation methods
- h. Maintenance factors

4. Deviation from these guidelines may only be allowed subject to prior written approval from the Airport District Manager.

2. **WALLS:** Also, See Section VI.A.3.e., Public Entrances and Storefronts

- A. **Design Intent:** Provide interior and exterior walls consistent with the overall character of the airport, compatible to the surrounding elements and with quality standards appropriate to the type of use that is intended.
- B. **State's Provisions:** Demising walls/partitions defining the leased space to be constructed with metal studs at 24 inches on center from the floor to the structure above.
- C. **Tenant's Requirements:** See Section VI.A.3.e., Public Entrances and Storefronts
 1. All finish drywall or plaster work within the leased space.
 2. All interior partitions and curtain walls within the leased space.
 3. All special framing and supports required to support built-in wall standards and special display fixtures.
 4. All interior finishes including:
 - a. Paint
 - b. Wall coverings
 - c. Wood paneling
 - d. Any combination wall finish and display systems such as slotwall
 5. Provide wall partitions to meet code requirements.

3. **CEILINGS**

- A. **Design Intent:** Provide ceiling finishes consistent with the overall character of the airport, consistent with the surrounding elements, and with quality standards appropriate to the type of use that is intended.
- B. **State's Provisions:** *The State provides* the general structure *from which the Tenant can hang*--for the framing or general T-bar supports--of the Tenant's ceiling to be attached to.
- C. **Tenant's Requirements:**
 1. The materials and finishes within the lease line. Permitted materials include, but is not limited to the following:

- a. Gypsum wallboard, commercial quality finish. No spray textures allowed.
- b. Suspended acoustical tile ceilings
 - 1. Concealed spline
 - 2. Acoustical tile 24" x 24" with reveal edges, or
 - 3. Special 24" x 48" modules (Armstrong Second Look Series or equal).
- c. Standard 24" x 48" module ceilings are not permitted in public use areas. The use of wood or other combustible material above ceilings is prohibited. Access panels or catwalks required to serve the Tenant's equipment shall be installed at the Tenant's expense.

4. LIGHTING

- A. **Design Intent:** Provide lighting consistent with the overall character of the airport, compatible with the surrounding elements and with quality standards appropriate to the type of use that is intended.
- B. **State's Provisions:**
 - 1. Lighting in public use areas, outside of the Tenant's leased space.
 - 2. Lighting for the generic signs at the entry of the Tenant's space for public walk-in type of concessions.
- C. **Tenant's Requirements:**
 - 1. All fluorescent, incandescent, decorative and highlighting light fixtures within the leased space.
 - 2. Window display lighting, if applicable.
 - 3. Exiting and pathway lighting as required by code.
 - 4. No bare lamps allowed.

5. PUBLIC ENTRANCES AND STOREFRONTS (IF APPLICABLE)

- A. **Design Intent:** Provide public entrances and storefronts for Tenant spaces requiring public access into the concession-type space which is consistent with the overall character of the airport, compatible with the surrounding elements and with quality standards appropriate to the type of use that is intended.
- B. **State's Provisions:**
 - 1. All construction and finish materials for construction of the public portions of the storefront and the entry element.

- a. The rolling security grille, with the required supports and guide rails, if applicable.
- b. The window framing system, complete with painted finish (all sides) or glazing, if applicable.

C. Tenant's Requirements:

1. Interior gypsum wallboard attached to the inside surface of the storefront framing system and all finishes within the lease line.
2. Window display bases, if applicable.

6. MERCHANDISING DISPLAYS AND FIXTURES (IF APPLICABLE)

A. Design Intent: Provide merchandising displays and fixtures consistent with the overall character of the airport, compatible with the surrounding elements and with quality standards appropriate to the type of use that is intended.

1. Designed to maximize the impact of the retail facilities.
2. Flexible for multi-use.
3. Maintain visual and spatial continuity within the leased space by restricting centrally located floor displays and fixtures to 4'-6" (54") in height.
4. Designed to accommodate changing merchandising trends.
5. Permit the merchandise to sell itself, whenever possible.
6. Provide a finished and professional quality appearance.

B. State's Provisions: None.

C. Tenant's Requirements:

1. Fabrication and installation of all portable and permanent fixtures and displays.
2. All merchandising displays, fixtures, merchandise and property belonging to the Tenant shall not exceed the lease line into the public areas, and shall not obstruct the movement of the public into their leased space.
3. The merchandising displays and fixtures shall be designed and constructed of materials appropriate for heavy commercial use.
 - a. Permitted finishes:

1. Plastic laminate
2. Commercial grade vinyl coverings
3. Tiles
4. Stone finishes
5. Porcelain finishes
6. Epoxy
7. Glass
8. Metals
9. Finished wood, professional quality
10. Similar durable finishes

b. Non-permitted finishes:

1. Paint
2. Contact paper clad particle board.

C. MECHANICAL GUIDELINES

1. PLUMBING

A. Design Intent:

1. To provide plumbing for Tenants requiring a need for such services, i.e., food and beverages, flower, barber shop and sleep/shower concession facilities, etc.
2. ***Tenant metering is only applicable where the State has installed an Energy Monitoring and Control System (EMCS).***

B. State's Provisions: Determine if providing plumbing is required. If so, the State will provide the following:

1. Water laterals to the leased space (size and location to be determined by the State)
2. Sewer laterals to the leased space (size and location to be determined by the State)
3. Connect the ***flow transmitter (identified) wiring installed output form the terminals identified*** by the Tenant to the State's EMCS.

C. Tenant's Requirements:

1. Install a ***water monitoring system sub-meter with pulse-transmitter*** to monitor water usage as required by the State. ~~The transmitter (identified) wiring shall be terminated at a State-provided terminal board in the nearest State electric room provided with an EMCS panel. The State will connect transmitter output wiring to the State's EMCS.~~

- a. Tenant will be monitored and ***pay reimburse the State*** on a use-basis.
- b. If the State determines that the Tenant need not be monitored, the Tenant will be billed for water usage on a flat rate basis, included in the lease rental or a rate set by the State.
- c. ***The water metering system shall include a flow sensor and transmitter. The transmitter shall be labeled wnd wired to a State provided terminal board in the nearest State electrical room containing an EMCS panel.***
- d. ***The wiring shall be identified at the terminal board. 18 AWG twisted shielded pair shall be used to connect the transmitter to the terminal board with distances not to exceed 250 feet. Shield shall be terminated at the terminal board only. Shield at the transmitter end shall be cut off and insulated.***

- e. *The flow transmitter shall have a 4-20ma output. The flow sensor and transmitter shall be Data Industrial 228B and 750M or approved equal.*
 - f. *The transmitter shall be tested for proper response at the terminal board in the presence of a State representative. The Tenant or the Tenant's Representative shall provide all test equipment to demonstrate the proper operation and calibration of the flow meter and transmitter.*
- 2. Provide and install plumbing rough-in and fixtures not provided by the State.
 - 3. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's plumbing system shall be repaired by and/or the responsibility of the Tenant.

2. AIR CONDITIONING AND VENTILATION

A. Design Intent:

- 1. To provide air conditioning or means to air condition the leased spaces requiring air conditioning.
- 2. *Tenant metering is only applicable where the State has installed an Energy Monitoring and Control System (EMCS).*

B. State's Provisions: Determine if the Tenant's space shall have air conditioning. If so, the State will:

- 1. Provide chilled water supply and return line connections to each Tenant spaces, and be serviced by its centralized system.
- 2. Connect the chilled water flow *transmitter* and temperature *sensor outputs from the terminals identified* metering system ~~(identified) wiring with output signals of 4-20ma,~~ installed by the Tenant, to the EMCS.
- 3. *Provide outside air make-up ducts.*

C. Tenant's Requirements:

- 1. Install a chilled water flow metering system *to monitor BTU consumption of Tenant air conditioning system(s).* ~~with 4-20ma transmitted output signals to monitor chilled water usage as required by the State. System shall include flow sensor and transmitter and supply and return chilled water temperature sensors/ transmitters, with (identified) wiring connected to a State-provided terminal board in the nearest State electric room provided with an EMCS panel. Flow metering devices shall be Data Industrial or equal.~~
 - a. Tenant will be monitored, and pay *reimburse the State* on a use-basis.

- b. For spaces under 500 sq. ft. and/or with cooling load under 40 BTUH/sq. ft., the cost of chilled water will be a flat rate included in the lease rent or a rate set by the State.
 - c. *The chilled water metering system shall include a flow sensor and transmitter and supply and return chilled water temperature sensors. The transmitters/sensors shall be labeled and wired to a State provided terminal board in the nearest State electric room containing an EMCS board.*
 - d. *The wiring shall be identified at the terminal board. 18 AWG twisted shielded pair shall be used to connect the devices to the terminal board with distances not to exceed 250 feet. Shield shall be terminated at the terminal board only. Shield at the transmitter end shall be cut off and insulated.*
 - e. The flow transmitter shall have a 4-20ma output. The flow sensor and transmitter shall be Data Industrial 228B and 750M or approved equal.
 - f. Install well mounted temperature sensors in the chilled water supply and return lines equal to Johnson Controls TE-1700 series with WZ-1000 immersion wells.
 - g. *All sensor/transmitters shall be tested for proper response at the terminal board in the presence of a State representative. The Tenant or the Tenant's Representative shall provide all test equipment to demonstrate the proper operation and calibration of the flow meter and transmitter.*
- 4. At locations where the air conditioning is being provided from a State air handling unit, Tenant shall provide and install a variable air volume device and connected *it* to the State air conditioned supply duct. Tenant A/C usage will be included in the lease rental or will be billed at a rate set by the State.
 - 5. Furnish and install all required air conditioning, ventilation systems and equipment as required for the entire leased space. Install smoke detector in air handler discharge duct only for supply air less than 15,000 CFM and also in return duct if greater than 15,000 CFM. Connect smoke detector(s) *to the Tenant's fire alarm panel. Connect the Tenant's fire alarm panel* to nearest State provided fire alarm terminal panel.
 - 6. Install 2-way modulating *control* valve in chilled water supply line to air handler.
 - 7. Install flow control valve, Griswold or equal, in the air handler chilled water return line.

8. Any additional cooling and ventilation equipment required beyond the capacity provided by the State shall be provided by the Tenant at the Tenant's sole expense.
9. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's air conditioning and ventilation system, shall be repaired by and/or the responsibility of the Tenant.

3. SPRINKLER SYSTEMS

- A. **Design Intent:** All Tenants shall install fire sprinkler systems *for their area. System shall meet NFPA-13 and local fire code requirements.*
- B. **State's Provisions:**
 1. Provide a riser, including a supervised main control valve, flow detector, and a riser supervisory system.
 2. Provide a feed main with a supervised branch shut-off valve.
 3. Connect supervisory switch *wiring to the Tenant's fire alarm panel. Connect the tenant's fire alarm panel to the State fire alarm panel.*
- C. **Tenant's Requirements:**
 1. Install new cross and branch mains *pipng* including a water-flow switch and sprinkler heads as required or needed and connect to the *supervised* shut-off valve provided by the State.
 2. Signal wiring from the branch line waterflow switch shall be terminated at the nearest State provided fire alarm terminal panel.
 3. Modify existing sprinkler cross and branch mains as required or needed.
 4. Relocate or install new sprinkler heads as equired or needed.
 5. Maintain and repair the Tenant's sprinkler system as required or needed.
 6. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's sprinkler system, shall be repaired by and/or the responsibility of the Tenant.

D. ELECTRICAL GUIDELINES

1. ELECTRICAL POWER

A. Design Intent:

1. Provide electrical power to all Tenants.
2. *Tenant metering is only applicable where the State has installed an Energy Monitoring and Control System (EMCS).*

B. State's Provisions:

1. Identify the main distribution point to which the Tenant will connect.
2. A 480/277 volt service at a central distribution point.
3. An empty conduit from the central distribution point to the leased space.
4. *Connect the kilowatt hour meter's pulse initiator contacts from the terminals identified by the Tenant to the State's EMCS.*

C. Tenant's Requirements:

1. ~~Install a check metering system~~ *kilowatt hour meter(s)* to monitor electrical power, demand, and consumption *within the Tenant space (i.e. outlets, air conditioning, lighting, etc.). as required by the State.*
 - a. Tenant will be monitored and ~~pay~~ *reimburse the State* on a use-basis.
 - b. For spaces under 500 sq. ft. and with electrical consumption less than 5 watts per sq. ft., electrical consumption charges shall be included in the lease rent or a rate set by the State.
 - c. *The meter shall have a non-volatile display of the totalized kilowatt hours. The number of displayed digits shall be coordinated with the current transformer sizing to provide a display that will not be exceeded more than one time per month.*
 - d. *The meter shall interface with the State's EMCS through a set of dry contacts capable of operating one ampere at 300 volts. The meter shall be labeled and wired to a State provided terminal board in the nearest State electrical room containing and EMCS panel.*
 - e. *The wiring shall be identified at the terminal board. 18 AWG twisted shielded pair shall be used to connect th contacts to the terminal board with distances not to exceed 1000 feet. Sheild shall be terminated at the terminal board only. Shield at the meter end shall be cut off and insulated.*

- f. The meter shall be sized such that the contacts provide a maximum of two(2) pulses per second. The pulse duration shall be a minimum of 240 milliseconds. The meter shall provide sufficient pulses to accurately determine a monthly consumption.*
2. Supply materials and install all required electrical equipment necessary for extending power from the State's main distribution point to the leased space for operation of all the Tenant's equipment.
 3. Supply materials and install all required electrical equipment necessary for temporary electrical service required during the construction period. All electrical energy consumed to be paid for by the Tenant's contractor.
 4. Conceal all conduits.
 5. Label all breakers and panels used by the leased space in the State's panel(s) and the panel(s) in the Tenant's space. All Tenants are required to install their own panel within their own premises.
 6. Emergency, conditioned, or uninterruptible power by Tenant, if desired. Access to the State's emergency power system is not allowed.
 7. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's electrical system shall be repaired by and/or the responsibility of the Tenant.

~~2.-----FIRE/SMOKE DETECTING SYSTEMS~~

~~-----A.-----Design Intent:--All Tenants shall install fire/smoke detecting systems to meet code and State requirements.~~

~~-----B.-----State's Provisions:~~

~~-----1.-----See the preceding Electrical Power section.~~

~~-----C.-----Tenant's Requirements:~~

~~-----1.-----Install fire/smoke detecting systems shall be installed in all Tenant spaces to meet the following requirements:~~

~~-----a.-----to meet NFPA and local code requirements.~~

~~-----b.-----Must be compatible with the State's fire alarm system.~~

~~-----c.-----Detectors must be approved by the State, prior to installation.~~

~~-----2.-----Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's fire/smoke detecting system shall be repaired by and/or the responsibility of the Tenant.~~

2. FIRE DETECTION SYSTEMS

A. Design Intent: Each Tenant shall install an automatic fire detection system(s) to monitor all spaces occupied. Manual fire detection system(s) are not acceptable. Requests for variances shall be submitted in writing to the Airport Manager prior to the start of any design.

B. State's Provisions:

1. The State shall provide the means for connecting the Tenant's fire detection system to the Fire Alarm Secondary Annunciation System (FASAS) operated by the State. The sole purpose of this secondary fire annunciation system is to provide the means by which the State can initiate appropriate measures to protect the public and common areas of the airport in the event of a fire.

2. The State shall provide enclosures with terminal block connections. These enclosures will typically be located in the electric room nearest to the Tenant space. Terminals which the Tenant connects to shall be designated by the State upon written approval of the Tenant's installation plans for the proposed fire detection system.

C. Tenant's Requirements:

1. The Tenant shall install an automatic fire detection system which complies with the following:

- a. *Meets all applicable laws, rules and regulations of the City and County of Honolulu Fire Code, Uniform Building Code, and National Fire Protection Association (NFPA) Code 70, 71 and 72.*
 - b. *Operates as an independent, stand alone system. The installed fire detection system, therefore, shall be monitored twenty-four (24) hours a day by an employee of the Tenant or designated representative who shall notify the appropriate authorities in the event of a fire.*
 - c. *Provides an interface which is compatible with the State's FASAS. This interface shall consist of one set of dry, normally open relay contacts wired from the Tenant's fire alarm panel to the terminal block location designated in writing by the State. There shall be one set of contacts for each contiguous space occupied by the Tenant to indicate, by closing of these contacts, that respective area is in a state of alarm. Extension of conduits into the Tenant's space to the Tenant's fire alarm panel is the responsibility of the Tenant.*
 - d. *Shall be maintained and tested on a routine basis to assure operational status. Tenant shall annually demonstrate operation of the fire detection system's FASAS interface to the State.*
2. *Tenant shall submit plans for the proposed fire detection system to the State and written approval shall be received from the State prior to the start of work.*
 3. *Upon completion of the fire alarm system, the Tenant shall demonstrate the operation of the system (including the described interface to the FASAS) to the State.*
 4. *Damages or accidents affecting the Tenant's property, property belonging to the State or other Tenants, or persons which result from the installation, usage or operation of the installed automatic fire detection system shall be the sole responsibility of the Tenant. If the Tenant fails to do so, the State will make the repairs at the Tenant's expense.*

3. TELEPHONE SYSTEMS

- A. **Design Intent:** To provide access to the Private Airport Exchange (PAX) to all Tenants at airports where State owned **Public Access Branch Exchange (PABX)** system with provision for PAX service is installed.
- B. **State's Provisions from PABX system with PAX service:**
 1. Provide PAX line(s) at the RJ11 termination located nearest telephone room.

2. Designate the PAX line(s).
3. State will determine cost of the PAX service on the basis of each line and billed on a flat charge basis.

C. Tenant's Requirements:

1. Furnish and install all Tenant telephone equipment and cable requirements for normal and PAX service at airports where pay service is provided by the State PABX system.
2. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's telephone system shall be repaired by and/or the responsibility of the Tenant. *If the Tenant fails to do so, the State will make the repairs at the Tenant's expense.*

4. COMMUNICATION SYSTEMS

A. Design Intent: Provision of any communication system for the leased space shall be solely at the discretion of the Tenant, subject to *written* approval by the State.

B. State's Provisions: None.

C. Tenant's Requirements:

1. All equipment, materials and labor necessary to install and operate a complete system shall be at the Tenant's expense.
2. Any damages or accidents affecting other property or persons incurred due to the Tenant's communication system shall be repaired by and/or the responsibility of the Tenant.

5. SECURITY SYSTEMS

A. Design Intent: Provision of any security system for protection of a leased space shall be solely at the discretion of the Tenant, subject to *written* approval by the State.

B. State's Provisions: None.

C. Tenant's Requirements:

1. All equipment, materials and labor necessary to install and operate a complete system shall be at the Tenant's expense.
2. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's security system shall be repaired by and/or the responsibility of the Tenant.

6. MUSIC SYSTEMS

- A. **Design Intent:** Under no circumstances shall any Tenant's sound system impact areas beyond their specific leased space which could impact the adjacent public areas and overall character and ambience of the airport.
- B. **State's Provisions:** None.
- C. **Tenant's Requirements:**
 - 1. All equipment, materials and installation necessary for a complete music system, if desired.
 - 2. Any damages or accidents affecting the Tenant's property, other property, or any persons incurred due to the installation or usage of the Tenant's music system shall be repaired by and/or the responsibility of the Tenant.

E. **S I G N A G E**

1. Design Intent: Provide signage consistent with the overall character of the airport, compatible with the surrounding elements, and with quality standards appropriate to the type of use that is intended.
2. State's Provisions:
 - A. All signage as specified in the State of Hawaii, Department of Transportation, Airports Division *guidelines*. See 1984 Signage Graphic Design Manual (SGDM), *for text requirements*. See *Honolulu International Airport Retail Storefront Design Criteria (February 1968)* *for positioning, materials and typography*. These documents include includes signage *requirements* for:
 1. Processing Activities (Major Directional Signs)
 2. Shops/Concessionaires/Tenants
 3. Public Service/Information/Amenities
 4. Operational/Regulatory/Instructional
 - B. Signage, required by the State to provide, as specified in the State of Hawaii, Department of Transportation, Airports Division, Environmental Preservation Guidelines (EPG), Procedure No. 10.3.
 - C. For concession shops and services in which the public may walk into the leased space: The generic (name) signs at the entrance of each Tenant space.
 - D. For counter-type Tenant spaces
 1. The generic (name) signs at the entrance of each Tenant space.
 2. Frames and back boards for back wall counter signs.
 - E. All other types of signage, fabricated and installed *with the prior written approval of the* of the Airport District Manager and/or the State.
3. Tenant's Requirements:
 - A. Conform to the SGDM mentioned above, if applicable.
 - B. Conform to the EPG mentioned above, if applicable.
 - C. All signage, advertising, and decorations must be approved in writing, prior to installation, by the State.

G.**VACATING PREMISES**

In preparation to vacate Airport premises, Tenant shall comply with the obligations of his lease or permit agreement, and following general requirements:

1. **REMOVAL:** Depending upon conditions of individual agreements, retain or remove all or part of improvements constructed by the Tenant.
2. **REPAIR AND CLEAN-UP:** All damages to premises over and above ordinary wear and tear caused during occupancy or by removal process shall be repaired by Tenant. Premises shall be left broom clean.
3. **VACATING PROCEDURE:** The following procedures shall be followed when a Tenant desires to vacate leased or rented premises.
 - A. Upon notice from a Tenant of pending "move-out" date, the Airport Property Division will make arrangements for a joint inspection, including the Tenant's representative, of the premises after they have been vacated.
 - B. Based upon the condition of the area released and the terms under which the occupancy existed, decision will be made as to whether the Tenant has exceeded "fair wear and tear". For this purpose the inspection team will include representation from the Airport's Maintenance Division.
 - C. Tenant surrender of keys will be accepted at the time of inspection if the premises are in good order and condition. If not, surrender of keys will be accepted after restoration of premises. Control and custody of keys is responsibility of the Airport's Operation Division.
 - D. Security of premises when vacated is the responsibility of the Airport Police Division.
 - E. Access to vacated premises is restricted to prospective Tenants as conducted or authorized by the Airport's Property Division.
 - F. Tenants are admonished that, to the extent possible, rents on vacated premises will continue until surrender of keys which follows restoration, if necessary.

HAWAII ADMINISTRATIVE RULES

TITLE 19

DEPARTMENT OF TRANSPORTATION

SUBTITLE 2

AIRPORTS DIVISION

CHAPTER 37

FUEL HANDLING PROCEDURES AT PUBLIC AIRPORTS

\$19-37-1	Purpose
\$19-37-2	Definitions
\$19-37-3	Safety procedures
\$19-37-4	Bonding
\$19-37-5	Fueling operations
\$19-37-6	Overflow or spillage
\$19-37-7	Fire-Aircraft crash
\$19-37-8	Aircraft fuel servicing vehicles
\$19-37-9	Fire extinguishers
\$19-37-10	Marking of aircraft fuel servicing vehicles
\$19-37-11	Leaking vehicles
\$19-37-12	Parking aircraft fuel servicing vehicles
\$19-37-13	Fuel storage tanks
\$19-37-14	Hot refueling procedures for helicopters
\$19-37-15	Application of flammable or combustible finishes
\$19-37-16	Drip pans
\$19-37-17	Protection of hose
\$19-37-18	Transferring fuel
\$19-37-19	Handling, refueling and storing of fuel, lubricants and oxygen
\$19-37-20	Personnel requirements
\$19-37-21	Director's authority
\$19-37-22	Reporting requirements
\$19-37-23	Penalty
\$19-37-24	Severability

\$19-37-1 Purpose. The purpose of this chapter is to establish safe and orderly aircraft fueling operations at public airports in the State of Hawaii. [Eff. FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

\$19-37-2 Definitions. Unless the context clearly indicates otherwise, as used in this chapter:

"Aircraft" means any and all airplanes, airships, dirigibles, helicopters, gliders, amphibians and seaplanes and any other contrivances now or hereafter used for the navigation of or flight in air space.

"Department" means the department of transportation of the State.

"Director" means the director of the department of transportation or his duly authorized representative.

"FAA" means the Federal Aviation Administration.

"Fuel Handling" means the transporting, delivering, storing, fueling, and draining of fuels or other petroleum products.

"Hot Refueling" means the loading of fuel into a helicopter when one or more of its engines are in operation.

"Operations Area" or "Airport Operational Area" means any portion of a public airport from which access by the public is prohibited by fences or appropriate signs, and which is not leased or demised to anyone for exclusive use and includes runways, taxiways, all ramps, cargo ramps, and apron areas, aircraft parking and storage areas, fuel storage areas, maintenance areas, and any area of a public airport used or intended to be used for landing, takeoff, surface maneuvering of aircraft or used for embarkation or debarkation of passengers.

"Person" means any individual, firm, partnership, co-partnership, corporation, trust, association, company, joint venture, or legal entity (including any assignee, receiver, trustee or similar representative thereof) or the United States of America or any state or political subdivision thereof, or any foreign government, or the United Nations.

"Public Airport" means any areas of land or water under public or governmental ownership or jurisdiction which is used, or intended for use, for the landing and taking-off of aircraft and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or rights-of-way, together with all airport buildings and facilities located thereon; provided, that federally owned facilities shall be included in this definition only to the extent of their use by non-military persons who hold a contract, lease, license, or other right granted by the department. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-3 Safety procedures. Fuel handling shall be conducted in compliance with accepted and approved industry safety standards and procedures prescribed in the National Fire Code 407, Aircraft Fuel Servicing, Uniform Fire Code as approved by the State Fire Council. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-4 Bonding. Prior to making any fueling connection to the aircraft, the fueling equipment shall be bonded to the aircraft by use of a cable, thus providing a conductive path to equalize potential between the fueling equipment and aircraft. The bond shall be maintained until fueling equipment connections have been removed, thus permitting the reuniting of separated charges that could be generated during the fueling operation.

(1) In addition to the above, when fueling overwing, the nozzle shall be bonded with a nozzle bond cable having a clip or plug to a metallic component of the aircraft that is metallically connected to the tank filler port. The bond connection shall be made before the filler cap is removed. If there is no plug receptacle or means for attaching a clip, the operator shall touch the filler cap with the nozzle spout before removing the cap so as to equalize the potential between the nozzle and the filler port. The spout shall be kept in contact with the filler neck until the fueling is completed.

(2) When a funnel is used in aircraft fueling, it shall be kept in contact with the filler neck as well as the fueling nozzle spout or the supply container to avoid the possibility of a spark at the fill opening. Only metal funnels shall be used.

(3) When a hydrant servicer or cart is used for fueling, the hydrant coupler shall be connected to the hydrant system prior to bonding the fuel equipment to the aircraft.

(4) Bonding and fueling connections shall be disconnected in the reverse order of connection.

(5) Conductive hose shall be used to prevent electrostatic discharge but shall not be used to accomplish required bonding. [Eff FEB 26 1993 (Auth: HRS §261-12) (Imp: HRS §261-12)]

§19-37-5 Fueling operations. The following requirements shall be met during fueling operations:

(1) Hose and connections. Fueling or defueling shall be conducted through the use of hoses and connections meeting approved industry and safety standards;

(2) Distance. Aircraft fuel handling shall be conducted at least fifty feet away from any hanger or building;

(3) Public protection. Passengers shall not remain in any aircraft being fueled unless:

(a) the cabin exit door is open;

(b) a cabin attendant is at such door; and

(c) a passenger ramp or other safety device to assure the rapid debarkation of passengers is in position at the cabin exit door;

(4) Personnel. Only personnel engaged in fuel handling, or in the maintenance and servicing of the aircraft being

fueled, may be within fifty feet of the fuel tanks of such aircraft;

(5) Smoking. Smoking is prohibited on the Airport Operational Area (AOA) and within fifty feet of any aircraft during fuel handling;

(6) Dump valve testing. Aircraft dump valve shall be tested only in the areas designated for this purpose;

(7) Aircraft engines. No aircraft may be operated within fifty (50) feet of any fueling operation or spill;

(8) Electrical storms. All fueling operations shall be conducted with caution during an electrical storm. In the event of any electrical storm causing severe disturbances, all fueling operations shall cease. [Eff FEB 26 1993 (Auth: HRS \$261-12) (Imp: HRS \$261-12)]

\$19-37-6 Overflow or spillage. Persons engaged in aircraft fuel handling shall exercise diligence and care to prevent overflow or spillage of fuel and to avoid any combustion hazard. If fuel is spilled from fuel service equipment or from aircraft during refueling, fuel servicing shall be immediately discontinued. The refueler responsible for the spill shall immediately contain and remove spilled fuel and prevent runoff into the airport drainage system. The party responsible for the spill will assume all cleanup costs, including reimbursing the State for any costs incurred as a result of any fuel spill containment or cleanup and any repair or restoration of airport facilities damaged by the spill. The airport fire crew shall be notified if a spill is over 5 gallons and 10 feet in any dimension or over 50 square feet in area; continues to flow; or is otherwise a hazard to persons or property. Failure to report a fuel spill or failure to contain and remove spilled fuel and prevent entry or runoff into the airport drainage system may result in penalties or arrest as specified in Sections 261-17 and HRS 261-21, Hawaii Revised Statutes. [Eff FEB 26 1993 (Auth: HRS \$261-12) (Imp: HRS \$261-12)]

\$19-37-7 Fire-Aircraft crash. In the event of a fire or an aircraft crash, no fueling operations shall be conducted in the vicinity of such fire or crash. The director shall determine the distance from such fire or crash beyond which fueling operations may be conducted. [Eff FEB 26 1993 (Auth: HRS \$261-12) (Imp: HRS \$261-12)]

\$19-37-8 Aircraft fuel servicing vehicles. All aircraft refueling vehicles shall adhere to the following procedures when operating on the AOA:

(1) Top loading of any type of fuel from one refueling vehicle to another is not permitted;

(2) Transferring fuel from one tank vehicle to another tank vehicle that is connected to and pumping fuel into an aircraft is not permitted;

(3) Aircraft fuel servicing tank vehicles shall be in compliance with NFC 385, Recommended Regulatory Standard for Tank Vehicles for Flammable and Combustible Liquids;

(4) Fuel tank vehicles and Hydrant Carts will be inspected by the Director's designee every quarter (January-April-July-October) using the applicable Airport Certification Manual Inspection Form, Exhibit #1;

(5) Aircraft refueler units shall be attended and operated only by persons instructed in methods of proper use and operation and who are qualified to use such refueler units in accordance with minimum safety requirements. Each qualified driver operator shall possess a valid State of Hawaii commercial driver's license (CDL) and an AOA motor vehicle operator permit (MVOP). Hydrant Cart Operators are not required to have a CDL.

(6) The front wheels of parked aircraft fuel servicing vehicles and hydrant fuel servicing vehicles, shall be chocked front and rear, in addition to the parking brake being locked. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-9 Fire extinguishers. These requirements apply to all operation, maintenance and use of aircraft refueler units:

(1) Each aircraft fuel servicing tank vehicle shall have two listed extinguishers, each having a rating of at least 20B mounted one on each side of the vehicle.

(2) Each aircraft servicing hydrant vehicle shall have one extinguisher having a rating of at least 20B mounted.

(3) Extinguishers must be readily accessible from the ground. The area paneling or tank shell adjacent to or immediately behind the extinguisher(s) on fueling vehicles shall be painted with a contrasting color;

(4) Only dry chemical and halon extinguishing agents are permissible for use on fuel spills.

(5) Service Stations shall have at least one fire extinguisher with a minimum 20-B:C classification and it shall be so located that no pump or dispenser is more than 75 feet from one such extinguisher;

(6) When the open-hose discharge capacity of the aircraft fueling system is not more than 200 gallons per minute, at least two extinguishers having a minimum 20-B:C classification shall be provided.

(7) When the open-hose discharge capacity of the aircraft fueling system is more than 200 gallons per minute but not over 350 gallons per minute, at least one wheeled extinguisher having a minimum 80-B:C classification and having a minimum capacity of 125 pounds of agent shall be provided.

(8) When the open-hose discharge capacity of the aircraft fueling system is more than 350 gallons per minute, at least two wheeled extinguishers having a minimum 80-B:C classification each and having a minimum capacity of 125 pounds of agent each shall be provided.

(9) Report use. Use of any extinguisher equipment under any circumstances shall be reported to the Fire Chief immediately after use. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-10 Marking of aircraft fuel servicing vehicles.
Each aircraft fuel servicing vehicle shall:

(1) Have a sign permanently positioned on each side and on the rear of every fuel carrying vehicle identifying the product;

(2) Have letters at least 3 inches high of a color contrasting with the background and color of the vehicle;

(3) Show the word "FLAMMABLE" and the name of the fuel carried, such as "JET FUEL" or "GASOLINE";

(4) Have a placard 10 3/4" on each side and on the rear of the vehicle in compliance with guidelines on use of placarding CFR, Title 49, Placarding 172.500 Transportation, Part 100-177; Hazardous Material Tables Section 172.101 and 172.102;

(5) Have "EMERGENCY FUEL SHUTOFF" placarded in letters at least 2 inches (50 mm) high;

(6) Show the method of operation by an arrow or by the words "PUSH" or "PULL" as applicable. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-11 Leaking vehicles. Leaking vehicles shall be removed from service, defueled, and parked in a safe area approved by the director, until repaired. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-12 Parking aircraft fuel servicing vehicles.
Parking areas shall be arranged to:

- (1) Facilitate dispersal of the vehicle in the event of emergency;
- (2) Provide at least 10 feet of clear space between parked vehicles for accessibility for fire control purposes;
- (3) Prevent any leaking fuel from draining to an adjacent building;
- (4) Minimize exposure to damage from out-of-control aircraft;
- (5) Provide at least 50 feet from any airport terminal building; aircraft cargo building; aircraft hanger; or other structure housing the public which has windows or doors in the exposed walls. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-13 Fuel storage tanks. Fuel storage tanks shall conform to the applicable requirements of Underwriters Laboratories (UL Standard 1709). The tank shall be tested by nationally recognized laboratories. Nationally recognized independent listing or testing agencies acceptable to the authority having jurisdiction include but are not limited to:

- (a) American Petroleum Institute (API)
- (b) American National Standard Institute, Inc. (ANSI)
- (c) American Society of Mechanical Engineers (ASME)
- (d) American Society for Testing and Materials (ASTM)
- (e) Factory Mutual Systems (FM)
- (f) Underwriters Laboratories, Inc. (America)
- (g) Underwriters Laboratories, Canada

Other nationally recognized testing laboratories may be accepted upon approval of the State Fire Council.
[Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-14 Hot refueling procedures for helicopter.
Refueling of helicopters with operating engines shall only be permitted:

- (1) In accordance with and observance of procedures established for hot refueling by the Federal Aviation Administration;
- (2) With all passenger(s) off the helicopter and at least 50 feet from helicopter being refueled;

(3) By persons fully qualified to engage in fuel handling;

(4) With a helicopter pilot at the flight controls and;

(5) Only after the operator has executed a hold harmless agreement, in the form attached hereto as Exhibit A, entitled "Helicopter Hot Refueling Agreement", or such other form as may be acceptable to the Attorney General of the State of Hawaii;

(6) No hot refueling is permitted on aircraft with reciprocating engines or which use aviation grade gasoline.
[Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-15 Application of flammable or combustible finishes. The applications of Class I or II liquid finishes shall be done only in locations approved by the Fire Chief.
[Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-16 Drip pans. Every aircraft hangar shall be equipped and maintained with metal drip pans under the engines of all aircraft stored or parked therein. [Eff. FEB 26 1993]
(Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-17 Protection of hose. Fuel transfer hose shall be properly placed on the approved reel or in the compartment provided, or may be stored on top decking of refueler, if proper height rail is provided for security and protection of such equipment before any aircraft refueler unit is moved. Such transfer hose shall not be looped or draped over any part of the refueler unit, except as herein provided, nor shall fuel transfer hose be dragged when such refueler unit is moved from one fueling position to another. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-18 Transferring fuel. No flammable or combustible liquid shall be dispensed into or removed from the fuel system of an aircraft within any aircraft hangar.

(1) No flammable or combustible liquid shall be dispensed into or removed from a container, tank, vehicle or aircraft except in a location approved by the Fire Chief.
[Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-19 Handling, refueling and storing of fuel, lubricants and oxygen. Any person or organization involved in storing, dispensing, and otherwise handling fuel, lubricants, and oxygen (other than articles and materials that are, or are intended to be, aircraft cargo) on the airport shall observe NFC 407 Aircraft Fuel Servicing Standards for protection.

against fire and explosion and develop and have established in writing a hazardous material plan which shall cover facilities, handling procedures, and training for all persons engage in fueling operation. It will cover as a minimum:

- (1) Bonding procedures;
- (2) Measures for public protection;
- (3) Control of access to storage areas;
- (4) Fire safety in fuel farms and storage areas;
- (5) Fire Safety in mobile fuelers; fueling pits and fueling cabinets. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-20 Personnel requirements. All fueling agents operating on the airport will comply with the following NFC 407 Aircraft Fuel Servicing standards:

(1) At least one supervisor with each fueling agent shall have completed an aviation fuel training course in fire safety which is acceptable to the FAA;

(2) All other employees who fuel aircraft, accepts fuel shipments, or otherwise handle fuel shall have received, as a minimum, on-the-job training in fire safety from the supervisor trained in accordance with paragraph (1) this section;

(3) Familiarization with the fire code of the particular county having jurisdiction in which the public airport is located. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-21 Director's authority. The Director in cases of flagrant violations, at his sole discretion may cancel, revoke or modify applicable contracts, leases, agreements, permits, rights or other privileges to use any public airport. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-22 Reporting requirements. All airport tenant fueling agents shall certify to the Director once a year that all training and/or requirements prescribed by this section have been accomplished and complied with. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-23 Penalty. Penalties for violation of this chapter shall be as set forth in section 261-12, Hawaii Revised

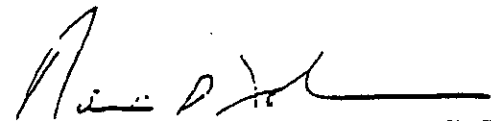
Statutes. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

§19-37-24 Severability. The provisions of this chapter are declared to be severable and if any portion or the application thereof to any person or property is held invalid for any reason, the validity of the remainder of this chapter shall not be affected. [Eff FEB 26 1993] (Auth: HRS §261-12) (Imp: HRS §261-12)

DEPARTMENT OF TRANSPORTATION

Chapter 19-37, Hawaii Administrative Rules, on the summary page dated October 15, 1992, was adopted on October 15, 1992, following public hearings held on July 8 and 9, 1992, after public notices were given in the Honolulu Advertiser, Honolulu Star Bulletin, the Hawaii-Tribune Herald, West Hawaii Today, the Maui News and the Garden Island News on June 5, 1992.

The adoption of chapter 19-37 shall take effect ten days after filing with the Office of the Lieutenant Governor.




REX D. JOHNSON
Director of Transportation

APPROVED AS TO FORM:



Deputy Attorney General



JOHN WAIHEE
Governor
State of Hawaii

Date: FEB 16 1993

FEB 16 1993

Filed

DOT 2-239
(AIR-LF 09/92)

DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
FUEL HANDLING FAR 139.321

Employee Certificate of Training

Airport: _____

I certify that _____, has successfully completed a Fuel Handling Program, which has been approved by the Federal Aviation Administration, in accordance with Chapter 19-37 of Title 19, Hawaii Administrative Rules, entitled "Fuel Handling Procedures at Public Airports".

The training was completed on: ____/____/____.

Trainer's Signature

Position

Company

Address

Telephone Number

Please return this form to the Airport Manager's Office.

FUEL FARM FIRE SAFETY INSPECTION REPORT

QUARTERLY

1	2	3	4
---	---	---	---

AIRPORT _____
 TENANT NAME _____
 MANAGER _____
 BUS. PHONE _____
 DATE _____

FOLLOW-UP DATE _____

- | | | |
|--|--|---|
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 1. Fencing/Locks/Signed | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 2. Fuel Dispensers Placarded | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 3. "No Smoking" warning properly posted in fuel farm area | RE: NFPA 407:3-8
RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 4. Evidence of Smoking | RE: AC 150/523-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 5. Ignition Sources | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 6. Fire Extinguishers: Proper size and type (Inspected) | RE: NFPA 10
RE: NFPA 407 3-13* |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 7. Fuel Farm Fueling Standard Operating Procedures | RE: FAR-AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 8. Fueling Procedures Observed | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 9. Personnel Safety Training Requirements | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 10. Piping and critical areas free from leaks | RE: NFPA 407:2-4.6
RE: FAR-AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 11. Grounding connections & rods in good condition | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 12. Bonding Cable - Loading Station | |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 13. Fuel System Bonding & Grounded | |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 14. Fuel hose line | RE: NFPA 407:2-2 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | Pressure test | RE: NFPA 407:3-16 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | Hose line condition o.k. | |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 15. Emergency shut-off system | RE: NFPA 407:2-4.5 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | Working properly | |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | Placarding of shut-off station proper | RE: NFPA 407:4-12.1 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 16. Deadman Control - Loading Station | RE: AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 17. Housekeeping | RE: FAR-AC 150/5230-4 |
| <input type="checkbox"/> YES <input type="checkbox"/> NO | 18. Farm area free of weeds, debris and other combustibles | |

COMMENTS _____

ORDER TO COMPLY: Failure to comply with the foregoing order before the date of such reinspection may render you liable to the penalties of chapter 19-37 of Title 19, Hawaii Administrative Rules entitled "Fuel Handling Procedures At Public Airports" reads as follows: 19-37-19 Penalty. Penalties for violation of this chapter shall be as set forth in section 261-12 Hawaii Revised Statutes. As such conditions are contrary to law, you are hereby required to correct said conditions immediately upon receipt of this notice. An inspection to determine whether you have complied will be conducted on or before: _____

Recipient: _____ Inspector: _____

APPENDIX C
ATTACHMENT 4

AIRCRAFT REFUELING SPOT CHECK

QUARTERLY

1	2	3	4
---	---	---	---

Fuel Vendor: _____ Operator's Name: _____
 Hydrant # _____ Tanker # _____
 Vehicle License: _____ Aircraft No: _____
 Date: ____/____/____ Time: _____ Location: (Gate #) _____
 MO DATE YR
 Airport Inspection Decal # _____ Date: _____ PUC # _____

		PROPER PROCEDURE USED		COMMENTS
		YES	NO	
Wheels Chocked		_____	_____	_____
Bonding Procedures	(NFPA #407, 3-4 & NFPA #77, 4-6.1.6 "Static Electricity")	_____	_____	_____
Deadman Control	(NFPA #407, 2-1.7* & 3-15)	_____	_____	_____
Emergency Shut-Off	(NFPA #407, 2-3.15)	_____	_____	_____
Extinguishers	(NFPA #407, 2-3.9 & 3-13)	_____	_____	_____
Vehicle Placement	(NFPA #407, 3-12)	_____	_____	_____
Hoses (Condition)	(NFPA #407, 3-16*)	_____	_____	_____
Placards & Signs	(NFPA #407, 2-3.18)	_____	_____	_____
Electrical Equipment Use	(NFPA #407, 3.7*)	_____	_____	_____
Engine Exhaust	(NFPA #407, 2-3.6)	_____	_____	_____
Matches, Lighters, Smoking	(NFPA #407, 2-3.11 & 3-8.5)	_____	_____	_____
Lightning Precautions	(NFPA #407, 3-9)	_____	_____	_____
Disconnection Procedures	(NFPA #407, 3-4.5)	_____	_____	_____
Aircraft Fuel Servicing Vehicle Parking	(NFPA #407, 3-18 & 3-19)	_____	_____	_____

Operator's Signature: _____

Officer-In-Charge: _____

Station/Shift: _____

ORDER TO COMPLY: Failure to comply with the foregoing order before the date of such reinspection may render you liable to the penalties of chapter 19-37 of Title 19, Hawaii Administrative Rules entitled "Fuel Handling Procedures At Public Airports" reads as follows: 19-37-23 Penalty. Penalties for violation of this chapter shall be as set forth in section 261-21 Hawaii Revised Statutes. As such conditions are contrary to law, you are hereby required to correct said conditions immediately upon receipt of this notice. An inspection to determine whether you have complied will be conducted on or before: _____

Recipient: _____ Inspector: _____

EXHIBIT "A"

HELICOPTER HOT REFUELING AGREEMENT

(08/01/87)

THIS AGREEMENT, made and entered into as of the _____ day of _____, 19____ by and between the State of Hawaii, hereinafter referred to as the "State", and _____, hereinafter referred to as the "Operator".

WITNESSETH

WHEREAS, the State owns and operates the _____ Airport, located at _____

WHEREAS, the Operator desires to refuel its helicopters while one or more of its engines are in operation at the Airport.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises herein contained, the parties hereby agree as follows:

1. **TERM.** The term of this agreement shall be for a period of _____ years commencing _____ and will be automatically renewed for additional _____ year periods under the same terms and conditions, provided that either party may give thirty (30) days prior written notice to the other party of its intent to cancel this Agreement at the end of the initial term of this Agreement or renewal term thereof.

2. **INDEMNIFICATION.**

- A. The Operator shall indemnify, defend and hold the State and its officers, employees, agents, contractors, subcontractors, licensees, or invitees completely harmless from and against any and all liabilities losses, suits, claims, judgments, fines or demands arising by reason of injury to or death of any person or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorney fees, court costs, and expert fees), of any nature whatsoever arising out of or incident to this agreement and/or the helicopter, refueling or the acts or omissions of helicopter operator, its officers, agents, employees, contractors, subcontractors, licensees, or invitees, regardless of where the injury, death, or damage may occur, unless such injury, death or damage is caused by the sole negligence of the State.
- B. The State shall give to the Operator reasonable notice of any such claim or action.
- C. The Operator shall use counsel reasonably acceptable to the State in carrying out its obligations hereunder.

3. **CONTINUATION.** The provisions of this agreement shall survive the expiration or early termination of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written by their duly authorized officers.

STATE OF HAWAII

By _____

OPERATOR

By _____



Procedure No. 4.9 MINIMUM STANDARDS FOR COMMERCIAL AERONAUTICAL ACTIVITIES AT PUBLIC AIRPORTS

Approved by Owen Miyamoto

Effective Date: 05/03/1990

4.9.01 PURPOSE

The purpose of this procedure is to establish minimum standards for conducting commercial aeronautical activities at public airports.

4.9.02 POLICY

It is the policy of the Airports Division to:

- A. Require all commercial aeronautical activities to be conducted in accordance with the terms and conditions of a lease that includes the minimum standards established by this procedure.
- B. Operate airports and their facilities for the benefit of the public.
- C. Make airports available for commercial aeronautical activities on a fair and reasonable basis without unjust discrimination as long as the activities are conducted in a safe, legal and responsible manner consistent with applicable federal, state and county laws, rules and regulations.

4.9.03 APPLICABILITY

This procedure shall apply to commercial aviation operators, Districts and Property Management Staff. Air carriers are exempt from this procedure.

4.9.04 PROCEDURES

A. Definitions

Unless the context clearly indicates otherwise, as used in this procedure:

- 1. "Air carrier" means a scheduled air carrier which is a lessee of the department under an airport-airline lease.
- 2. "Aeronautical activity" means any activity which involves, makes possible or is required for the operations of aircraft, or which contributes to or is required for the safety of such operations.
 - a. The following are examples of aeronautical activities:
 - (1) Pilot training
 - (2) Aircraft rental and sightseeing
 - (3) Aerial photography
 - (4) Crop dusting
 - (5) Aerial surveying
 - (6) Aircraft sales and services
 - (7) Sale of aviation petroleum products
 - (8) Repair and maintenance of aircraft
 - (9) Sale of aircraft parts.
 - b. The following examples are not considered to be aeronautical activities:

- (1) Ground transportation (taxis, car rentals)
 - (2) Restaurants
 - (3) Barber shops
 - (4) Auto parking lots.
- 3. "Airport" means an area of land or water which is used or intended to be used for aircraft landing and takeoff, including facilities on it. (As used in this procedure, the term "airport" refers to public airports owned or operated by the State of Hawaii).
- 4. "Commercial aeronautical activity" means an aeronautical activity conducted for the purpose of securing earnings, income, compensation or profit.
- 5. "Commercial aviation operator" means a person engaging in a commercial aeronautical activity at an airport.
- 6. "Department" means the State Department of Transportation.
- 7. "Lease" means a written agreement which conveys real property from the department to a commercial aviation operator, for a specified term and for a specified rent. (As used in this procedure, the term "lease" also includes other written agreements such as permits).
- 8. "Minimum standards" means the qualifications established by the department as the minimum requirements to be met as a condition for the right to conduct commercial aeronautical activities at airports.
- 9. "Person" means any individual, firm, partnership, corporation, trust, association, company, joint venture, or any other legal entity.
- 10. "State" means the State of Hawaii.

B. Commercial Aviation Operator

- 1. The services provided by commercial aviation operators (hereinafter referred to as "operator") at airports include, but are not limited to, the following:
 - a. Aircraft line services:
 - (1) Fueling, lubricating and miscellaneous service
 - (2) Ramp parking and tie down
 - (3) Crew and passenger lounge facilities
 - (4) Public restrooms, telephone and automobile parking
 - (5) Loading, unloading and towing
 - (6) Hangar storage
 - (7) Cargo handling, receiving and storage facilities; and
 - (8) Flight kitchens.
 - b. Flight instruction and training.
 - c. General aircraft airframe and engine repair, maintenance and overhaul (may also include sale of aircraft parts).
 - d. New and used aircraft sales or rental.
 - e. Specialized aircraft flying services.
 - f. Specialized commercial flying services.
- 2. The department reserves the right to restrict any operator activity which is not in the best interest of the airport.
- 3. If written permission is obtained from the department, a prospective operator may become a tenant of an operator under a sublease arrangement approved by the department.

C. Prequalification Requirements

The prospective operator shall submit, in written form, to the department, at the time of his application, the following information and, thereafter, such additional information as may be requested by the department.

1. Intended Scope of Activities

As a prerequisite to the granting of a lease for operating at the airport, the prospective operator shall submit a detailed description of the scope of the intended operation, and the means and methods to be employed to accomplish the contemplated operating standards and requirements, in order to provide high-quality service to the aviation and general public at the airport, including, but not limited to, the following:

- a. The name, address and telephone number of the applicant.
- b. The requested or proposed date for commencement of the activity and the term of conducting, the same.
- c. The services to be offered.
- d. The amount, size and location of land to be leased.
- e. The size and position of the building space to be constructed or leased.
- f. The number of aircraft to be provided (as applicable).
- g. The number of persons to be employed (including the names and qualifications of each person).
- h. The hours of proposed operation.
- i. The type of insurance coverages to be maintained.

2. Financial Responsibility and Capability

The prospective operator must provide a statement, satisfactory to the department, in evidence of his financial responsibility, from an area bank or trust company or from such other source that may be acceptable to the department and readily verified through normal banking channels. The prospective operator must also demonstrate financial capability to initiate operations and for the construction of improvements and appurtenances that may be required commensurate with the concept of the proposed operation, and shall also indicate his ability to provide working capital to start and maintain the contemplated operations.

3. Experience

The prospective operator shall furnish the department with a verifiable statement of his past experience in the specified aviation services to be supplied by him on the airport, together with an operating plan detailing how he will provide the specified services.

4. Bond

The prospective operator shall post a performance bond in the amount equal to the annual rental established and agreed upon, for conducting the services to be provided. Cash may be posted in lieu of performance bond.

D. Lease Requirements

Prior to the commencement of operations, the prospective operator shall be required to enter into a lease with the department. The lease will recite the terms and conditions under which he will operate his business on the airport, including, but not limited to, the following: the term of the lease; fees and charges; the rights, privileges and obligations of the respective parties; and other relevant covenants. It should be understood, therefore, that neither the conditions therein contained nor those set forth in these minimum standards and requirements represent a complete recitation of the provisions to be included in the lease. Such contract

provisions, however, will neither change nor modify the minimum standards and requirements, not be inconsistent therewith.

1. Rates and Charges

Minimum rental rates shall be established by the department and approved by the state Board of Land and Natural Resources.

2. Site Development Standards

All improvements to airport property by the lessee shall be accomplished in accordance with Airports Division Procedure No. 7.6 "Development Standards for Leased Airport Property" (hereinafter referred to as "Procedure No. 7.6").

3. Personnel

- a. The operator shall have in his employ, and on duty during operating hours, trained personnel in such numbers as are required to meet the minimum standards and requirements set forth, in an efficient manner, for each commercial aeronautical activity being performed. The operator shall also provide a responsible person in the office to supervise the operations in authority to represent and act for and on behalf of, the operator during all business hours.
- b. All personnel hereinafter required to hold Federal Aviation Administration (FAA) certificates and rating shall maintain such certificates and ratings.

4. Maintenance

- a. The department shall have responsibility for :
 - (1) Maintenance of pavement constructed by the department outside the leased area.
 - (2) Utility line maintenance outside the operator's leased area.
- b. The operator shall be responsible for:
 - (1) Maintenance of pavement constructed by the operator.
 - (2) Maintenance of the operator's building and utility costs.
 - (3) Removal of the operator's trash
 - (4) Grass mowing and landscape maintenance within the operator's leased area.

5. Insurance

- a. The operator shall have all the types of insurance (with the specified minimum liability limits) set forth below that apply to the commercial aeronautical activity or activities conducted by the operator.
 - (1) Aircraft liability
 - (a) Bodily injury
 - (i) \$100,000 each person
 - (ii) \$300,000 each accident
 - (b) Passenger liability (each passenger, each accident): \$300,000
 - (c) Property damage (each accident): \$100,000

- (2) Comprehensive general liability
 - (a) Bodily injury
 - (i) \$100,000 each person
 - (ii) \$500,000 each accident
 - (b) Property damage (each accident): \$250,000
 - (3) Hangar keeper's liability (each accident): \$500,000.
 - (4) Student and renter's liability (each accident): \$300,000.
 - (5) Comprehensive automobile liability (each accident)
 - Bodily injury and property damage
 - (a) \$5,000,000 at Honolulu International Airport.
 - (b) \$1,000,000 at other airports.
 - (6) Worker's compensation as required by applicable law and employer's liability of \$10,000.
- b. All insurance which the operator is required to carry and keep in force shall include the state as additional-named insured. The operator shall furnish evidence of his compliance with this requirement to the department with proper certification that such insurance is in force and will furnish additional certification as evidence of changes in insurance not less than thirty days prior to any such change. The applicable insurance coverages shall be in force during the period of any construction of the operator's facilities and/or prior to his entry upon the airport for the conduct of his business.
 - c. The operator shall also furnish evidence of his compliance with Hawaii Revised Statutes with respect to Worker's Compensation and Unemployment Insurance as applicable.
 - d. The operator shall also at his expense procure and maintain such fire, extended coverage, vandalism and malicious mischief insurance upon the leasehold improvements, trade fixtures, equipment, furniture and furnishings of the operator in or on the premises as would be procured and maintained by a reasonable and prudent owner thereof.
 - e. The operator shall furnish to the department upon the commencement of the lease and prior to occupancy of the premises, a certificate showing said insurance policies being issued to the operator and to be then in force, and shall furnish a like certificate upon each renewal thereof.
 - f. Any of the indemnity or casualty insurance coverages provided for herein may include provision for a deductible amount of \$1,000 per loss or such higher deductible amount as may be agreed upon, in writing, by the department and the operator.
 - g. Any operator who is self-insured shall furnish evidence of such self-insurance from the state Department of Commerce and Consumer Affairs, Insurance Division and shall hold the department and assigns harmless in the event of any claims or litigation arising out of its operation on the airport.

6. Motor Vehicles on the Airport

The operator will control to a reasonable extent the transportation of pilots and passengers of transient aircraft (using operator's facilities and services and in the conduct of the operator's

business) to and from the operator's office to the operator's aircraft apron tie-down areas. The operator performing this service with motor vehicles driven on the Airport Operations Area shall do so only in strict accordance with applicable Hawaii Administrative Rules, Airports Division

procedures, and federal, state and county laws, ordinances, codes, or other similar regulatory measures now in existence or as may be hereinafter modified or amended. The operator shall procure and maintain, for any motor vehicle operated on his leased airport property, all required insurance.

7. General Lease Clauses

No operator may conduct any commercial activity on the airport without a fully executed lease. All lease agreements shall contain the following assurances:

a. Non-discrimination

The lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") to operate the premises leased for the benefit of the public, and:

- (1) No person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- (2) That in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.
- (3) That the lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally assisted programs of the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964", as said Regulations may be amended.
- (4) That said service will be furnished on a fair, equal, and not unjustly discriminatory basis to all users thereof.
- (5) That fair, reasonable, and not unjustly discriminatory prices for each unit or service will be charged; provided, that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

b. Quality of Service

The lessee shall provide airport patrons safe, responsible and adequate service in a prompt and courteous manner.

c. Aircraft service by owner or operator or aircraft.

It is clearly understood and agreed by the lessee that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the airport from performing any services on its own aircraft with its own regular employees (including, but not limited to, maintenance and repair) that it may choose to perform.

d. Non-exclusive rights.

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right.

e. Subordination.

The lease shall be subordinate to the provisions of any existing or future agreement between the lessor and the United States, relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to

the expenditure of federal funds for the development of the airport. This subordination includes, but is not limited to, the right of the lessor, during times of war or national emergency, to lease the landing area, or any part thereof, to the United States Government for military or naval use, and if any such lease is executed, the provisions of this instrument, insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.

f. Airport obstructions.

- (1) The lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstructions, together with the right to prevent the lessee from erecting or permitting to be erected, any building or other structure on or adjacent to the airport which, in the opinion of the lessor, would limit the usefulness of the airport or constitute a hazard to aircraft.
- (2) The lessee shall, upon approval by the lessor and prior to any construction of any nature within the boundaries of the airport, prepare and submit to the appropriate office of the Federal Aviation Administration, one executed set (four copies) of FAA Form 7460-1, "Notice of Proposed Construction or Alteration", as required by Federal Aviation Regulation Part 77. This notice must be submitted at least thirty days prior to the date of the proposed construction or the date that an application for a construction permit is filed, whichever is earlier. A copy will be supplied to the Airports Administrator, State of Hawaii, Department of Transportation, Airports Division, Honolulu International Airport, Honolulu, Hawaii 96819.

g. Lessor's rights

- (1) The lessor reserves the right, but shall not be obligated to the lessee, to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the lessee in this regard.
- (2) In the event of breach of any of the above nondiscrimination covenants, the lessor shall have the right to terminate the lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said lease had never been made or issued.
- (3) The lessor reserves the right to further develop or improve the landing area of the airport as it sees fit, and without unreasonable interference or hindrance. If the physical development of the airport requires the relocation of lessee-owned facilities, the lessor agrees to provide a comparable location without any unreasonable interruption to the lessee's activities, and agrees to relocate all lessee-owned buildings or provide similar facilities for the lessee at no cost to the operator.

h. Compliance with laws, etc.

The lessee shall at all times comply with the applicable Hawaii Administrative Rules, Airports Division Procedures, and federal state, and county laws, ordinances, codes, and other regulatory measures now in existence or, as may be hereafter modified or amended, applicable to the specific type of operation contemplated by him. The lessee shall procure and maintain during the term of the agreement all licenses, permits, and other similar authorizations required for the conduct of his business operations.

i. Indemnity

The lessee shall hold the State, the Airports District Manager and all other airport personnel, and the officers, agents and employees of the lessor harmless from any and all suits, claims, demands, actions, and/or causes of action of any kind or nature in any way arising out of, or resulting from his tenancy and activities, and shall pay all expenses in defending any claims against the State and the lessor.

j. Right of entry

The lessor may enter upon the premises leased to the lessee at any reasonable time, and for any purpose necessary, incidental to, or connected with, the performance of the lessee's obligations under the agreement or in the exercise of its legitimate functions.

k. No-sham affidavit

All terms and conditions with respect to the lease are expressly contained herein, and the lessee agrees that no representative or agent of the lessor has made any representation or promise with respect to this lease not expressly contained herein.

l. Termination

Upon the expiration or other termination of any agreement, the lessee's rights to the premises, facilities, other rights, licensed services and privileges granted in the agreement shall cease, and the lessor shall, upon such expiration or termination, immediately and peacefully surrender such.

m. Assignment

All covenants, stipulations and provisions in the agreement to be entered into shall extend to and bind the legal representatives, successors and assigns.

8. Subleases

No lessee shall be afforded the right to sublease or assign an agreement or any portion thereof, between himself and the lessor except upon the express written permission of the lessor. Regarding this permission, the overriding concern of the lessor shall be that the commercial aeronautical activities performed by the lessee, seeking the permission to assign his agreement, will not conceivably be interrupted, abrogated, compromised or diminished in order that good quality services be maintained in the public interest.

9. Airport Security

The lessee shall be responsible for maintaining security of the Airport Operations Area by controlling access through the leased premises where such access would allow entry to the AOA. The lessee shall comply with all applicable provisions of the Federal Aviation Regulations and Hawaii Administrative Rules concerning airport security.

10. Disposal of Waste

The lessee shall provide for the adequate and sanitary handling and disposal, away from the airport of his trash, waste and other materials, including but not limited to used oil, solvents and other waste. The stacking or storage of crates, boxes, barrels, pallets and other materials, equipment or vehicles, shall not be permitted within the leased premises. Aircraft washing shall be permitted only at locations designated by the department.

E. Commercial Aviation Operator Guidelines

The following guidelines are for determining the minimum level of services that shall be provided by operators holding a lease with the department.

1. Aircraft line services

a. Fueling and lubricating oil sales and service:

- (1) The operator shall demonstrate, to the satisfaction of the department, that satisfactory arrangements or agreements have been made, with a reputable aviation fuel and lubricant distributor who will provide the operator with an enforceable agreement to purchase fuel and oil in such quantities as are necessary to meet the requirements set forth herein.

- (a) The operator shall:
 - (i) Provide a minimum-sized facility which as suitable space and a convenient location and which meets the applicable standards and requirements specified in Procedure No. 7.6.
 - (ii) Provide fueling and lubricating sale, and into-plane delivery of aviation fuels, lubricants, and other related petroleum products seven days a week.
 - (iii) Maintain an adequate inventory of generally accepted grades of aviation fuel, engine oil and lubricants.
 - (iv) Provide a mobile fuel dispensing equipment with reliable metering devices which are subject to inspection by the State Department of Agriculture, Measurement Standards Division.
 - (v) Be capable of servicing in an efficient and safe manner all types of general aviation aircraft.
- (b) The operator shall have metered filter-equipped dispensers, fixed or mobile, for dispensing aviation fuel from storage tanks having a minimum capacity of 2,000 gallons each. Mobile dispensing trucks shall have a total of 300 gallons capacity for each grade or type of fuel. Separate dispensing pumps for each grade or type of fuel are required.
- (c) In conducting refueling operations, the operator shall install and use adequate electrical grounding facilities at fueling locations to eliminate the hazards of static electricity and shall provide approved types of fire extinguishers or other equipment commensurate with the hazard involved with fueling, defueling, and servicing aircraft.

All operator fueling services and systems shall be subject to inspection for fire and other hazards by the Airports District Manager and the appropriate state and local fire agencies. The operator shall meet all applicable fire codes and federal, state, and local laws, statutes, ordinances, rules and regulations pertaining to fire safety. All stationary fuel storage tanks shall be installed underground.
- (d) Only non-contaminated fuel shall be pumped into the aircraft serviced. Fuel delivered shall be free of microscopic organisms, water or other contaminants. Quality control of the fuel is the responsibility of the operator. The operator shall maintain current fuel reports on file and available for auditing at any time by the department or the Federal Aviation Administration. Fueling service by the operator shall be in full compliance with good safety practices, including proper fire protection and electrical grounding of aircraft during fueling operations.
- (2) The operator shall provide for servicing of aircraft, such as cleaning of the interior and exterior of aircraft, repairing and inflating aircraft tires, servicing oleo struts, changing engine oil, washing aircraft and aircraft windows and recharging or energizing discharged aircraft batteries and starters.
- b. Ramp parking and tie-down: operator ramp assistance, including the parking, tie-down and storage of only functioning aircraft within the operator's leased area.
 - (1) Adequate tie-down facilities and equipment, including ropes, or other types of restraining devices and wheel chocks for a minimum of 10 typical aircraft will be provided.
 - (2) The operator shall provide properly trained line personnel on duty during daylight hours of every calendar day.

- (3) Equipment for starting and towing aircraft and fire extinguishers shall be provided by the operator.
- c. Crew and passenger lounge facilities: conveniently located, lounge, or waiting rooms, for passengers and crews shall be provided.
- d. Public restrooms and a telephone: restrooms will be conveniently located, and ventilated and accessible to the passengers and crews, and will be maintained in a clean and sanitary manner. At least one working telephone will be provided for public use.
- e. Loading, unloading and towing: the operator shall provide adequate loading, unloading and towing equipment to safely and efficiently move aircraft and store them in times of all reasonably expected weather conditions.
- f. Hangar storage: the operator shall provide, or lease from the department, suitable hard-surfaced hangar storage facilities.

2. Flight instruction and training

A flight training operator is a person engaged in instructing student pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride; services and facilities which shall be provided include:

- a. A minimum-sized facility which has sufficient classroom space to adequately conduct flight instruction and training, and which meets the applicable standards and requirements specified in Procedure No. 7.6.
- b. At least one FAA certified flight instructor to instruct student pilots in dual and solo flight in fixed and/or rotary wing aircraft.
- c. Such related ground school instruction as is necessary, preparatory to a student taking a written examination and flight check ride for a private pilot's license or appropriate rating from the FAA.
- d. The ability for such training to meet the continuing requirements for certification by the FAA to conduct such training in a manner that meets all Federal Aviation Regulations, and amendments thereto, for basic ground schools and for primary flying school.
- e. The flight training operator shall have on a full-time basis, currently FAA certified pilots and instructors in sufficient numbers (never less than one) to meet the demands of the number of students expected to be engaged in such flight training. An operator must be able to satisfactorily demonstrate that he has had experience in flight training.
- f. The operator shall own or have on lease, in writing, at least one certified aircraft equipped for flight instruction.
- g. Adequate facilities for storing, parking, servicing and repairing the aircraft in flight training.

3. General aircraft airframe and engine repair, maintenance and overhaul

An aircraft airframe and engine maintenance and repair operator is a person engaged in a business capable of providing one or a combination of FAA approved airframe, power plant and accessory overhaul and repair services on general aviation aircraft; the operation must be an FAA certified repair station meeting the requirements of Federal Aviation Regulations Part 145. This category of commercial aeronautical activities may also include the sale of aircraft parts and accessories.

Activities which shall be provided include:

- a. A facility that meets the applicable standards and requirements specified in Procedure No. 7.6.

- b. Sufficient hangar space to house any aircraft upon which airframe or engine repairs are being performed.
- c. Suitable inside and outside storage space for aircraft before and after repair and maintenance have been accomplished.
- d. Adequate shop space to house the equipment and adequate equipment and machine tools, jacks, lifts and testing equipment to perform overhauls as required for FAA certification and repair of parts not needing replacement on general aviation aircraft.
- e. At least one FAA certified airframe and power plant mechanic available during eight hours of the day, five days per week; all mechanics shall be certified in accordance with Federal Aviation Regulations Part 65.

4. New and used aircraft sales or rental

An aircraft sales operator is a person engaged in the sale of new and/or used aircraft through franchises, or licenses dealership or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer or otherwise; and provides such repair, services, and parts as necessary to meet any guarantee or warranty on new and/or used aircraft sold or rented by him.

Services and facilities which shall be provided include:

- a. Suitable sales and office facilities for conducting sale and rental activities; these and other required facilities must meet the applicable standards and requirements specified in Procedure No. 7.6.
- b. Hangar storage space for at least one aircraft to be used for sales or rentals.
- c. For rental, at least on airworthy aircraft properly maintained and certificated.
- d. For sales activity of a new aircraft, a sales or distributorship franchise from a recognized aircraft manufacturer of new aircraft and at least one demonstrator model of such aircraft.
- e. Adequate facilities for servicing and repairing the aircraft.
- f. An FAA certified pilot capable of demonstrating new aircraft for sale or for checking out other pilots in rental aircraft. He shall be available for eight hours during the working day.
- g. The minimum stock of readily expendable spare parts, or adequate arrangements for securing spare parts required for the type of aircraft and models sold.
- h. Current up-to-date specifications and price lists for types and models of new aircraft sold.
- i.. Proper checklists and operating manuals on all aircraft rented and aircraft sold.

5. Specialized aircraft repair service

A specialized aircraft repair services operator is a person engaged in a business capable of providing a shop, or a combination of FAA certificated shops for the repair of aircraft radios, propellers, instruments, and accessories for general aviation aircraft. This category shall include the sale of new and/or used aircraft radios, propellers, instruments and accessories, and the painting of aircraft but such are not exclusive rights.

6. Specialized commercial flying services

- a. A specialized commercial flying services operator is a person engaged in air transportation for hire for the purpose of providing the use of aircraft for the activities listed below:

- (1) Nonstop sightseeing flights that begin and end at the same airport within a 25-mile radius of the airport.
- (2) Crop-dusting, seeding, spraying, bird chasing, fish spotting, etc.
- (3) Aerial photography or survey.
- (4) Fire fighting.
- (5) Power line or pipeline patrol.
- (6) Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

- b. In the case of crop-dusting or aerial application, the operator shall demonstrate that he will make suitable arrangements to have such space available in his leased area for safe loading and unloading and storage and containment of noxious chemical materials. The operator shall provide a paved area having a single drainage outlet for all aircraft loading or unloading. This area must be built and operated in full compliance with the Environmental Protection Agency regulations governing such activities. The operator shall also provide for the safe storage and containment of all chemical materials. Such facilities will be in a location on the airport which will provide the greatest safeguard to the public.

Aircraft washing and spray tank flushing must be accomplished on a 50' x 50' washdown pad which drains into a 25' x 30' PVC lined evaporation pond located no closer than 450' from the nearest well with no overflow into drainage ditches. The pond will be fenced with a man-proof fence. Tank service water hydrants will be equipped with a check valve to prevent possible "back-siphonage."

F. Responsibilities

1. The Districts shall be responsible for:
 - a. Receiving, reviewing and processing applications for leases.
 - b. Negotiating leases with assistance from AIR-PM.
 - c. Ensuring operators are in compliance with terms and conditions of their leases.
2. The Property Management (AIR-PM) staff shall be responsible for preparing and processing lease documents in accordance with the provisions of this procedure and other applicable Airports Division procedures.

Department Of Transportation

ASSIGNMENT OF LEASE EVALUATION POLICY

Enabling Statute

Act 104, effective May 24, 1989, amended Chapter 171-36(a) (5) to read in part:

“... provided further that prior to the approval of any assignment of lease, the board shall have the right to review and approve the consideration to be paid by the assignee and may condition its consent to the assignment of the lease on payment by the lessee of a premium based on the amount by which the consideration for the assignment, whether by cash, credit, or otherwise, exceeds the depreciated cost of improvements and trade fixtures being transferred to the assignee.” (revision underlined)

Qualifying Leases

This policy shall be applicable to the subject lease.

Prior Approval

Prior to giving its consent to an assignment, The Department of Transportation, Airports Division must receive (i) the name, legal composition and address of any proposed assignee, (ii) a complete copy of the purchase agreement and the proposed assignment agreement, including the total consideration to be paid by the assignee for the assignment whether by cash, credit or otherwise, and (iii) the best available financial statement or balance sheet no older than one year prior to date of purchase agreement of the proposed assignee or any other such statement, audited or certified as correct by a financial officer of the proposed assignee.

Assignments of lease shall not be entered into until the Attorney General has reviewed the proposed assignment and the Land Board has given their approval. Such assignments shall be entertained only if they meet the criteria set forth in Section 171-36(a) (5), HRS.

Qualifications of Assignee

If qualification was required of a lessee as a pre-condition of the lease, the prospective assignee must also be qualified to assume the lease.

Consideration to be Paid

Prior to review by the Attorney General and approval by the Land Board, the lessee (assignor) must present with written evidence of the consideration to be paid by the assignee and any other cost data that the state may require.

Payment of Premium

The act permits the state to receive from the lessee (assignor) a premium based on the amount by which the consideration for the assignment, whether by cash, credit, or otherwise, exceeds the depreciated cost of improvements and trade fixtures being transferred to the assignee. The value of the inventory of merchandise and any other tangible assets in the sale of a business shall be deducted from the consideration paid. The appropriate cost index is then applied to determine the adjusted depreciated cost.

All lessees shall be required to furnish the state with the actual costs of construction of all improvements and renovations within thirty (30) calendar days after its completion as well as the purchase costs of all trade fixtures acquired for the lessee's operation on the premises within thirty (30) calendar days after their purchase. Lessees shall be required to furnish evidence of the actual costs by copy of the construction contract, receipts or otherwise. Lessees shall also be required to furnish an inventory of all personal property placed on the premises. Records of all costs incurred by the lessee for construction of improvements or renovations as well as trade fixtures submitted by the lessee shall be maintained in the lease file and shall include the Construction Cost Index for Apartments, Hotels, Office Buildings (CCI) and the Honolulu Consumer Price Index for All Urban Consumers (CPI) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the year construction is completed.

The replacement cost for improvements or renovations is calculated by using the CCI for the evaluation year divided by the CCI for the year in which the improvements or renovations were completed (base year). The result is then multiplied by the original cost of the improvements or renovations. For trade fixtures, the cost is similarly calculated by using the CPI for the purchase year (base year) and the evaluation year.

Depreciation of improvements and trade fixtures will be determined on a straight line basis. Depreciation of improvements or renovations will be determined in the same proportion that the expired term of the improvements or renovations bears to the whole term. The whole term will be from the date the construction of the improvements or renovations are completed until the termination date of the lease. Depreciation of trade fixtures will be determined in the same manner, except that the whole term will be the anticipated life of the trade fixture.

The premium will be a maximum of 50 percent (50%) of the excess. The percentage will decrease by 5 percent (5%) after every five years of the term has elapsed in accordance with Schedule C. The sliding scale will encourage long term occupancy and prevent speculation as well as recognize the investment, effort, and risk of the lessee.

In cases where the lessee is unable to furnish the Department of Transportation, Airports Division with evidence of the actual cost of construction of improvements because the lessee has performed the work itself, the State may determine the cost or the lessee shall have the option of paying for an appraiser, to be selected by the Department of Transportation, to determine what the improvements would have cost if the labor had been performed by a third party rather than the lessee. The lessee shall exercise its option by giving written notice to the lessor within thirty (30) calendar days after completion of construction of the improvements. If the lessee fails to exercise its option within this period, the lessor shall have the right to determine the cost of the improvements.

Schedule D attached provides a typical example of the evaluation calculations using Schedule A to calculate the replacement cost for improvements or renovations and depreciation, Schedule B to calculate the cost and depreciation for trade fixtures, and Schedule C to obtain the premium percentage.

Non-qualifying Deductions

The statute only recognizes tangible items. Intangibles such as "goodwill", business name recognition, etc., are not deductible.

Subsequent Assignments

If the consideration for any subsequent assignment includes the purchase of existing tenant owned improvements, the evaluation will be conducted in a similar manner as the first assignment. An example is shown on Schedule E.

Using Schedule E, the consideration the assignor paid less included inventory and any premiums will be used to obtain the adjusted depreciated cost of improvements and trade fixtures. Also, the Base Year is redefined to be the date the assignor received the Consent of the Board to occupy the premises. The holding period (redefined Base Year to assignment date), or actual occupancy of the assignor, is used in place of the "expired term" when calculating depreciation. Depreciation will be calculated by dividing the holding period by the whole term of the lease (The whole term will remain unchanged).

The change in the CCI will be reflected by comparing the CCI for the redefined base year to the most current CCI.

The holding period will be the basis for determining the appropriate premium percentage. Subtracting the included inventory and any premiums from the consideration the assignor paid will result in a reassessment of the market value of the improvements. If additional improvements were constructed by the assignor, they will be treated in the same manner as improvements constructed by an original lessee.

The excess of subtracting the adjusted depreciated consideration the assignor paid and the adjusted depreciated cost of additional improvements, if any, from the consideration the assignor received will be used against the appropriate premium percentage to determine the amount payable to the state.

Rights of Holders of Security Interest-Agricultural Leases only

In the event of foreclosure or sale, the premium, if any, shall be assessed only after the encumbrances of record and any other advances made by the holder of a security interest are paid.

When state-owned improvements are included in the leased premises, improvement renovation requirements shall be recognized as being tenant-owned improvements for evaluation in the policy.

In other words, the total expenditure of the lessee to fulfill the requirement would be treated as though a new improvement was constructed.

SCHEDULE A

Adjusted Depreciated Cost of Improvements or Renovations

1. Adjusted Cost of Improvements or Renovations. Multiply the actual cost of the improvements or renovations by the most recent U.S. Construction Cost Index, for the Apartments, Hotels, Office Buildings (CCI) * and divide the result by the CCI of the year construction was completed (base year) to get the adjusted cost of improvements or renovations.
2. Depreciation. Determine the depreciation percentage on a straight-line basis by dividing the expired term of the improvements or renovations by the whole term of the improvements or renovations are completed to the expiration date of the lease. Multiply the adjusted cost of the improvements or renovations by the depreciation percentage to determine the depreciation.
3. Depreciated Cost of Improvements or Renovations. Subtract the depreciation from the adjusted cost of improvements or renovations. The balance is the depreciated cost of improvements or renovations.

* As published by the U.S. Department of Labor, Bureau of Labor Statistics

Example

Actual cost:	\$500,000
CCI (most recent):	121.1
CCI (base year):	102.3
Expired term:	57 mos.
Whole term:	408 mos.

1. Adjusted Cost of Improvements or Renovations

Actual Cost	X	$\frac{\text{CCI (most recent)}}{\text{CCI (base year)}}$	
\$500,000	X	$\frac{121.1}{102.3}$	= \$591,887

2. Depreciation

\$591,887	X	$\frac{57 \text{ mos.}}{408 \text{ mos.}}$	= \$ 82,690
-----------	---	--	-------------

3. Adjusted Depreciated Cost of Improvements or Renovations

\$591,887	-	\$82,690	= <u>\$509,197</u>
-----------	---	----------	--------------------

SCHEDULE B

Adjusted Depreciated Cost of Trade Fixtures

1. Adjusted Cost of Trade Fixture. Multiply the actual cost of the trade fixture by the most recent Honolulu Consumer Price Index for All Urban Consumers (CPI) * and divide the result by the CPI of the year in which the purchase was made (base year).
2. Depreciation. Determine the depreciation percentage on a straight-line basis by dividing the expired term of the trade fixture by its anticipated life. Multiply the adjusted cost of the trade fixture by the depreciation percentage to determine the depreciation.
3. Depreciated Cost of Trade Fixtures. Subtract the depreciation from the adjusted cost of trade fixture. The balance is the depreciated cost of trade fixture.

* As published by the U.S. Department of Labor, Bureau of Labor Statistics

<u>Example:</u> Refrigerator	Actual cost:	\$1,510
	CCI (most recent):	118.1
	CCI (base year):	104.6
	Expired term:	57 mos.
	Whole term: (Anticipated life)	96 mos.

1. Adjusted Cost of Trade Fixture

Actual Cost	X	$\frac{\text{CPI (most recent)}}{\text{CPI (base year)}}$	
\$1,510	X	$\frac{118.1}{104.6}$	+ \$1,705

2. Depreciation

\$1,705	X	$\frac{57 \text{ mos.}}{96 \text{ mos.}}$	= \$1,012
---------	---	---	-----------

3. Adjusted Depreciated Cost of Trade Fixture

\$1,705	-	\$1,012	=	<u>\$ 693</u>
---------	---	---------	---	---------------

SCHEDULE C

Premium Percentages

1. For the first 5 years, the premium is fifty percent (50%) of the amount by which the consideration for the assignment, whether by cash, credit, or otherwise, exceeds the depreciated cost of improvements and trade fixtures being transferred to the assignee. The percentage will decrease by five percent (5%) after every 5 years of the total term has elapsed.

<u>Years</u>	<u>Percentage</u>
1 – 5	50%
6 – 10	45%
11 – 15	40%
16 – 20	35%
21 – 25	30%
26 – 30	25%
31 – 35	20%
36 – 40	15%
41 – 45	10%
46 – 50	5%
51 -	0%

As an example, if a 55 year lease was assigned after 57 months, the premium percentage would be fifty percent (50%). If the assignment occurs after 130 months (10+ years), the percentage would be forty percent (40%).

2. The Board of Land and Natural Resources may impose a ten percent (10%) surcharge if the assignor has not performed lease covenants to improve or use the property.

SCHEDULE D

Assignment of Lease Calculations

1. Subtract from the consideration for the assignment that amount, if any, that is attributable to inventory.
2. Calculate the Adjusted Depreciated Cost of Improvements or Renovations (see Schedule A).
3. Calculate the Adjusted Depreciated Cost of Trade Fixtures (see Schedule B).
4. Calculate the amount by which the consideration for the assignment, whether by cash, credit, or otherwise, exceeds the depreciated cost of improvements and trade fixtures being transferred to the assignee by subtracting the amounts derived by no. 2 and 3 from the amount in no. 1 above.
5. Determine the appropriate premium percentage (see Schedule C). Multiply by the excess, if any, derived by no. 4.

Example: A lease is being assigned 57 months after completion of the improvements at a consideration of \$600,000. The initial cost of the improvements was \$5,000 while the current year CCI and base year CCI were 121.1 and 102.3, respectively. The whole term for the improvements is 408 months. For the trade fixtures, the initial cost was \$1,510 with the current year CPI and base year CPI being 118.1 and 104.6, respectively. The total life expectancy is 96 months.

1.	Net Consideration:		\$600,000
2.	Adjusted Cost Improvement/Renovation:	\$591,887	
	Depreciation:	<u>- 82,690</u>	
	Adjusted Dep Cost Improvement/Renovation:		-509,197
3.	Adjusted Cost Trade Fixtures:	1,705	
	Depreciation:	<u>1,012</u>	
	Adjusted Dep Cost Trade Fixtures:		<u>- 693</u>
4.	Excess:		<u>\$ 90,110</u>
5.	Premium:	Percentage: 50%	\$ 45,055

SCHEDULE E

Subsequent Assignment of Lease Calculations

1. Subtract from the consideration the assignor received for the assignment that amount, if any, that is attributable to inventory to derive the net consideration received.
2. Subtract from the consideration the assignor previously paid for the assignment that amount, if any, that was attributable to inventory. Also, subtract from the consideration the assignor previously paid for the assignment that amount, if any, which was attributable to the premiums. The net consideration paid is now defined to be the value of improvements as of the date of the occupancy by the assignor.
3. Using the result from no. 2, calculate the Adjusted Depreciated Value of Improvements or Renovations (see Schedule A).
4. Subtract the amount derived by no. 3 from the amount in no. 1 to determine the amount by which the consideration received for the assignment, whether by cash, credit, or otherwise, exceeds the adjusted depreciated value of improvements being transferred to the assignee.
5. Determine the appropriate premium percentage (see Schedule C). Multiply by the excess, if any, derived by no. 4.

Example:

An assignor is assigning a lease 107 months after receiving the consent of the Board. Occupancy or the holding period is defined to be 107 months. The consideration received is \$1,000,000.

The consideration paid by the assignor was \$600,000 while the current year CCI and redefined base year CCI were 156.4 and 121.1, respectively. The whole term was 408 months.

No inventory was included in either consideration. However, a premium of \$45,055 was paid to the state by the previous occupant from the \$600,000 consideration.

SCHEDULE E (continued)

1.	Net Consideration <u>Received</u> :		\$1,000,000
2.	Consideration <u>Paid</u> :	\$600,000	
	Premium:	<u>- 45,055</u>	
	Net Consideration <u>Paid</u> :		\$554,945
3.	Adjusted Value Consideration (improvements):		
	\$554,945 X $\frac{156.4}{121.1}$	=	\$716,708
	Depreciation:		
	\$716,708 X $\frac{107 \text{ mos.}}{408 \text{ mos.}}$	=	<u>-187,960</u>
	Adjusted Depreciation Value Consideration:		<u>- 528,748</u>
4.	Excess:		<u>\$ 471,252</u>
5.	Premium:	Percentage: 45%	\$ 212,063

APPENDIX D

PERFORMANCE BOND

KNOW ALL BY THESE PRESENTS, that _____,
_____, as Principal,
and _____,
as Surety, are held and firmly bound unto the State of Hawaii, its successors or assigns, in the full
and just sum of _____ DOLLARS
(\$ _____), in lawful money of the United States of America, for the payment of which to
the State of Hawaii, its successors or assigns, well and truly to be made, we do hereby bind
ourselves and our respective heirs, executors, and administrators and successors, jointly and
severally, firmly by these presents.

The condition of this obligation is such that if the above bounden Principal shall
fully and faithfully perform and fulfill all of the covenants, terms and conditions in that certain
Lease dated _____, entered into by said Principal with the State of Hawaii for the
operation and maintenance of the fueling facility at Kalaeloa Airport, in the State of Hawaii, and
shall promptly pay all just claims against the Principal, and shall hold harmless, indemnify and
defend the State of Hawaii, its officers and agents, successors or assigns, against loss or damage
to property of the State of Hawaii, or to the property of others, and from all claims, costs and
liabilities for injury to or death of persons when such loss, damage, injury or death arises or
results from any acts or omissions of the Principal, its officers, agents, employees, contractors
and guests (including invitees and licensees) in connection with the operation and maintenance of
the fueling facility, then this obligation shall be void, otherwise it shall be and remain in full
force and effect.

AND IT IS HEREBY STIPULATED AND AGREED:

(1) That no amendment, modification, change, extension, alteration, deduction
or addition, permitted by said Lease, in or to the covenants and terms of the Lease, shall in any
way affect the obligation of said Surety on this bond; and that said Surety does hereby waive
notice of any such amendment, modification, change, extension, alteration, deduction or addition
in or to the covenants, terms and conditions of the Lease.

(2) That suit on this bond may be brought before a court of competent
jurisdiction without a jury in the event of a breach of any, or all, or any part of, the stipulations,
agreements, covenants, terms or conditions contained in the Lease or in this bond, in accordance
with the terms thereof.

WITNESS our hands and seals at _____,
State of _____, this _____ day of _____, 2011.

Principal

Surety

APPROVED AS TO FORM:

Deputy Attorney General

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2011, before me appeared _____ to me personally known, who being by me duly sworn, did say that _____ is (are) the _____ of _____ and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said _____ acknowledged said instrument to be the free act and deed of said corporation.

Print Name: _____
Notary Public, _____ Judicial Circuit
State of _____

Doc. Description: _____
No. of Pages: _____

Notary signature

My Commission Expires: _____